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Report of the International Civil Service Commission for 2003

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Supplement No. 30 (A/58/30)

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

CCISUA	Coordinating Committee for International Staff Unions and Associations of the United Nations System
CEB	United Nations System Chief Executives Board for Coordination
CEB/HLCM	Chief Executives Board for Coordination/High-level Committee on Management
DSA	Daily subsistence allowance
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
ITU	International Telecommunication Union
LSSC	Local salary survey committee
MSA	Mission subsistence allowance
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

Glossary of technical terms

Base/floor salary scale	For the Professional and higher categories of staff, a universally applicable salary scale is used in conjunction with the post adjustment system. The minimum net amounts received by staff members around the world are those given in this scale.
Broadbanding	A method of providing greater flexibility to reward individual performance and contribution. The term describes the action of combining and replacing several classification levels by a single, broader classification level (called a "band"). A broadbanded system is characterized by a limited number of wider bands or ranges and a bigger salary overlap between bands.
Comparator	Salaries and other conditions of employment of staff in the Professional and higher categories are determined in accordance with the Noblemaire principle by reference to those applicable in the civil service of the country with the highest pay levels. The United States federal civil service has been used as the comparator since the inception of the United Nations. See also "highest paid civil service" and "Noblemaire principle".
Competencies	A combination of skills, attributes and behaviours that are directly related to successful performance on the job. Core competencies are the skills, attributes and behaviours which are considered important for all staff of an organization, regardless of their function or level. For specific occupations, core competencies are supplemented by functional competencies related to respective areas of work.
Competency-related pay	A generic concept of paying employees for the development and application of essential skills, behaviours and actions which support high levels of individual, team and organizational performance (see also "performance-related pay").
Cost-of-living differential	In net remuneration margin calculations, the remuneration of United Nations officials from the Professional and higher categories in New York is compared with their counterparts in the comparator service in Washington, D.C. As part of that comparison, the difference in cost of living between New York and Washington is applied to the comparator salaries to determine their "real value" in New York. The cost-of-living differential between New York and Washington is also taken into account in comparing pensionable remuneration amounts applicable to the two groups of staff mentioned above.
Dependency rate salaries	Net salaries determined for staff with a primary dependant.
Employment cost index (ECI)	Under the Federal Employees' Pay Comparability Act (FEPCA) (see below), a wage index that measures the percentage change in the average non-federal sector payroll costs between two points in time is calculated. The index, known as ECI, is based on the measurement of payroll costs across the United States. ECI is used as the basis for an across-the-board adjustment to salaries of United States federal civil service employees. Under FEPCA, United States federal civil servants can also receive a locality-based adjustment.

Federal Employees' Pay Comparability Act	The Federal Employees' Pay Comparability Act (FEPCA) (1990), passed by the United States Congress, whereby the pay of federal civil service employees would be brought to within 5 per cent of non-federal-sector comparator pay over a period of time.
Flemming principle	The basis used for the determination of conditions of service of the General Service and other locally recruited categories of staff. Under the application of the Flemming principle, General Service conditions of employment are based on best prevailing local conditions.
General Schedule	A 15-grade salary scale in the comparator (United States) civil service, covering the majority of employees.
Headquarters locations	Headquarters of the organizations participating in the United Nations common system are: Geneva, London, Montreal, New York, Paris, Rome and Vienna. While the Universal Postal Union is headquartered at Berne (Switzerland), post adjustment and General Service salaries at Geneva are currently used for Berne.
Highest paid civil service	Under the application of the Noblemaire principle, salaries of United Nations staff in the Professional and higher categories are based on those applicable in the civil service of the country with the highest pay levels, currently the United States. See also "comparator" and "Noblemaire principle".
Locality-based pay	Under FEPCA (see above), the United States Government has established approximately 30 separate locality pay areas. The locality-pay provision of FEPCA is based on average salary levels prevailing in the local labour market. For federal civil servants in a given locality, FEPCA provides for the payment of an ECI-based increase plus a locality-pay adjustment, if appropriate, for the period 1994-2002, with a view to ensuring that federal pay is brought to within 5 per cent of the non-federal pay for the locality.
Mobility and hardship allowance	A non-pensionable allowance designed to encourage mobility between duty stations and to compensate for service at difficult locations.
Net remuneration margin	The Commission regularly carries out comparisons of the net remuneration of the United Nations staff in grades P-1 to D-2 in New York with that of the United States federal civil service employees in comparable positions in Washington, D.C. The average percentage difference in the remuneration of the two civil services, adjusted for the cost-of-living differential between New York and Washington, is the net remuneration margin.
Noblemaire principle	The basis used for the determination of conditions of service of staff in the Professional and higher categories. Under the application of the principle, salaries of the Professional category are determined by reference to those applicable in the civil service of the country with the highest pay levels. See also "comparator" and "highest paid civil service".

Pensionable remuneration	The amount used to determine contributions from the staff member and the organization to the United Nations Joint Staff Pension Fund. Pensionable remuneration amounts are also used for the determination of pension benefits of staff members upon retirement.
Performance management	The process of optimizing performance at the level of the individual, team, unit, department and agency and linking it to organizational objectives. In its broadest sense, effective performance management is dependent on the effective and successful management of policies and programmes, planning and budgetary processes, decision-making processes, organizational structure, work organization and labour-management relations and human resources.
Performance-related pay	A generic concept involving a financial or financially measurable reward linked directly to individual, team or organizational performance, in the form of either base pay or a cash bonus payment. Terms used to describe different types of performance-related pay may vary. They include: Merit pay/performance-related pay/pay for performance/variable pay: these are tools tailored to relate individual base pay increases to individual results, usually through a performance appraisal scheme and a performance rating. Lump-sum bonus: a non-recurring cash lump sum related to the results achieved by an individual, team and/or agency or to recognize an intensive effort over a specific time period. May be pensionable or non-pensionable.
Post adjustment index	Measurement of the living costs of international staff members in the Professional and higher categories posted at a given location, compared with such costs in New York at a specific date.
Single rate salaries	Net salaries determined for staff without a primary dependant.

Letter of transmittal

19 August 2003

Sir,

I have the honour to transmit herewith the twenty-ninth annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute.

I should be grateful if you would submit this report to the General Assembly and, as provided in article 17 of the statute, also transmit it to the governing organs of the other organizations participating in the work of the Commission, through their executive heads, and to staff representatives.

(*Signed*) Mohsen **Bel Hadj Amor**
Chairman

His Excellency
Mr. Kofi Annan
Secretary-General of the United Nations
New York

Summary of recommendations of the International Civil Service Commission that call for decisions by the General Assembly and the legislative organs of the other participating organizations

Paragraph reference	
	Remuneration of the Professional and higher categories
188	The Commission decided to recommend to the General Assembly that it revert to the procedure used when the base/floor salary scale was established in 1989 and to use the nationwide General Schedule (excluding locality pay) of the United States federal civil service as a reference point for the United Nations base/floor salary scale. The Commission concluded that this recommendation would result in the base/floor scale being maintained at its current level for the time being.

Summary of financial implications of the decisions and recommendations of the International Civil Service Commission for the United Nations and other participating organizations of the common system

Paragraph reference	
	Remuneration of the General Service and other locally recruited categories
	Hazard pay for locally recruited staff
138	The system-wide financial implications of the Commission's decision to adjust the level of hazard pay for locally recruited staff were estimated at $2,700,000 per annum.

Chapter I
Organizational matters

A. Acceptance of the statute

1. Article 1 of the statute of the International Civil Service Commission (ICSC), approved by the General Assembly in its resolution 3357 (XXIX) of 18 December 1974, provides that:

> "The Commission shall perform its functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the present statute."

2. To date, 12 organizations have accepted the statute of the Commission and, together with the United Nations itself, participate in the United Nations common system of salaries and allowances.[1] One other organization, although not having formally accepted the statute, participates fully in the work of the Commission.[2]

B. Membership

3. The membership of the Commission for 2003 is as follows:

Chairman:
Mohsen Bel Hadj Amor (Tunisia)***

Vice-Chairman:
Eugeniusz Wyzner (Poland)***

Mario Bettati (France)**
Minoru Endo (Japan)**
Alexei Fedotov (Russian Federation)*
Asda Jayanama (Thailand)*
João Augusto de Médicis (Brazil)**
Lucretia Myers (United States of America)**
Emmanuel Oti Boateng (Ghana)***
Ernest Rusita (Uganda)*
José R. Sanchis Muñoz (Argentina)***
C. M. Shafi Sami (Bangladesh)*
Alexis Stephanou (Greece)**
Anita Szlazak (Canada)***
El Hassane Zahid (Morocco)*

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* Term of office expires 31 December 2004.

** Term of office expires 31 December 2005.

*** Term of office expires 31 December 2006.

C. Sessions held by the Commission and questions examined

4. The Commission held two sessions in 2003, the fifty-sixth, from 31 March to 18 April at the headquarters of the Food and Agriculture Organization of the United Nations (FAO) in Rome, and the fifty-seventh, from 14 to 25 July at United Nations Headquarters in New York.

5. At those sessions, the Commission examined issues that derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are discussed in the present report.

D. Programme of work of the Commission for 2004-2005

6. At its fifty-seventh session, the Commission considered and approved its programme of work for 2004-2005 (see annex I), noting that the programme reflected subjects that fell within the framework for human resources management. With the launching of the pilot study on pay for performance scheduled for 2004, the Commission was now in a position to take up other aspects of the ongoing review of the pay and benefits system, namely, the comprehensive review of allowances and benefits that form part of the overall remuneration package. This was also in accordance with the framework for human resources management, which served as a guide to the Commission's future work programme on core issues of the United Nations common system.

Chapter II

Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system

7. The Commission considered a report on the actions concerning the common system taken by the General Assembly at its fifty-seventh session. The Commission was also provided with the details of the presentation by its Chairman of the twenty-eighth annual report of the Commission[3] to the Fifth Committee of the General Assembly, the general debate thereon in the Fifth Committee and the informal consultations among Member States, which led to the adoption by consensus of General Assembly resolution 57/285 of 20 December 2002, on the common system.

8. Details were also provided on resolutions and/or decisions adopted by the governing bodies of the organizations that could be of interest to the Commission. In that context, decisions taken by the Executive Board of the World Health Organization, the World Health Assembly, the Coordination Committee of the World Intellectual Property Organization and the Executive Board of the United Nations Educational, Scientific and Cultural Organization were brought to the attention of the Commission.

Chapter III
Conditions of service applicable to both categories of staff

A. Review of the pay and benefits system

9. In its resolutions 51/216 of 18 December 1996, 52/216 of 22 December 1997 and 53/209 of 18 December 1998, the General Assembly called upon ICSC to play a lead role in the development of new approaches in the field of human resources management as part of the overall reforms taking place in the organizations of the common system. As part of its response, the Commission developed an integrated framework for human resources management, which was endorsed by the Assembly in its resolution 55/223 of 23 December 2000. At its fifty-second session (July/August 2000), the Commission decided to review, on a priority basis, the pay and benefits system, which is seen by both the Commission and the organizations of the common system as the centrepiece of the framework and accordingly a subject of fundamental importance.

10. In examining alternative approaches to the existing pay and benefits system, the Commission was guided by the principles set out in the framework. A modernized pay and benefits system would improve organizational performance by linking pay to performance; rewarding staff in a competitive and equitable manner on the basis of merit, competence, performance and accountability; motivating and encouraging staff to develop the necessary skills and competitiveness to meet the changing needs of the programmes of the organizations; and providing opportunities for dynamic career advancement in a wider professional context.

11. The Commission had sought the broadest-based participation of the administrations and staff in the review through the mechanism of focus groups. These focus groups examined alternatives to the current system, analysing in a proactive, future-oriented way specific topics with a view to proposing options for the Commission's consideration.

12. Following its consideration of the reports of the focus groups, the Commission decided on a set of priorities and a time frame for the orderly progression of the change effort, which is the most fundamental in the context of the United Nations pay system since its founding. While further work was continuing, the Commission, in its 2002 report,[3] informed the General Assembly about progress it had made with respect to certain parts of the review that had been sufficiently developed at a conceptual level. These were (a) revision of the current job classification system; (b) introduction of reward for contribution; (c) introduction of broadbanding of salaries; and (d) introduction of the Senior Management Service.

13. The General Assembly, in its resolution 57/285 of 20 December 2002, took note with appreciation of the concrete progress made by the Commission in the review of the pay and benefits system in the context of the approved framework for human resources management. In this regard it invited the Commission to duly take into account all views expressed by Member States regarding the review of the pay and benefits system, bearing in mind that any eventual proposals should be aimed at enhancing the effectiveness and the efficiency of the secretariats of the organizations of the common system, consistent with the principles set out in paragraph 12 of the Commission's twenty-eighth annual report.

Views of the organizations

14. The representative of the Human Resources Network noted that the organizations attached the highest priority to the review of the pay and benefits system. She recalled that when the Deputy Secretary-General had addressed the General Assembly at its fifty-seventh session on behalf of the United Nations System Chief Executives Board for Coordination (CEB) she had emphasized the key role of the Commission in supporting the process of reform under way throughout the system. Changes were ongoing in all organizations to modernize human resources management, to build results-oriented cultures and to promote accountability, continuous learning and managerial excellence. The United Nations common system needed a pay and benefits system that supported these objectives. The executive heads had repeatedly said that the current system did not contribute to improved performance or more effective management.

15. The representative expressed appreciation for the work that had been accomplished so far, especially the participatory process that had evolved and strengthened over time. For success, mutual trust was essential among all partners — the Commission, representatives of the organizations and staff representatives.

1. Validation and promulgation of the revised Master Standard

16. At its fifty-fourth session (April/May 2002) the Commission was presented with a conceptual model for the reform of the job classification system for the Professional and higher categories. The model was developed from the input of two ICSC working group meetings that had taken place at the end of 2001 and the beginning of 2002. The reform of the job classification system was determined to be a high priority in the overall review of pay and benefits. Beyond simply updating and modernizing the current standards, the goal for the development of a new system of job evaluation was to create an approach to job design that was also linked to the development of competencies and supported performance management. Only through such a holistic or integrated design would human resource managers be in a position to support a more strategic approach to managing the organizations' human assets.

17. The model of the new job evaluation system is designed around two evaluation tools: a new Master Standard, which updates a point rating approach to provide a consistent basis of evaluation across organizations and occupations, and grade level descriptors, which are based on the values of the new Master Standard but are designed to be broadly accessible and flexible and, most importantly, to provide linkages to competency development and performance management. The grade level descriptors have been designed to be the primary tool of evaluation. Created as a framework of United Nations common system "values", the grade level descriptors provide a textured profile of work that presents not only the demands of the job but critical competencies and measurements of success to support performance management. With these new tools, a new job description format has also been developed, which simplifies and focuses on the information necessary to evaluate a post. This new format has been designed to complement generic job profiles developed by the organizations.

18. To facilitate access and updating, the system has been designed to function from an automated platform. In a virtual environment it is possible to distribute the

new system broadly and quickly update its utility as experience in its use is gained. More importantly, though, through an automated application it is possible to incorporate visual features that facilitate the use and comprehension of the system.

19. Following the endorsement of the conceptual model of the new system at the Commission's session in March and April 2003, a validation process was launched and was carried out in three stages. First, the new system was applied to 13 of 14 Tier II standards by a team of independent classifiers. Secondly, the team of classifiers applied the system to a sample of 205 posts drawn from organizations of the common system; the confirmation rate ranged from 92 to 100 per cent when the system was applied against the Tier II Standards and from 86 to 90 per cent against both the new Master Standard and the grade level descriptors. Finally, validation exercises were conducted between February and May 2003, which provided feedback particularly on the use of language in the application of the Master Standard and the grade level descriptors. With all this being taken into account, the original version was revised in terms of language, design and utility and a new release of the automated system was developed. The job evaluation system, comprising the Master Standard, the grade level descriptors and post illustrations in automated format, was sent to all organizations at the end of June 2003. A draft handbook with guidelines has been developed and will be available for use at the time of promulgation.

20. The Commission was informed that its secretariat planned to launch a series of workshops and management briefings in cooperation with the organizations, aimed at supporting the implementation of the new system. The training/briefing programme was planned to take place between September 2003 and March 2004. On the basis of experience gained from those workshops, further refinements to language and utility would be incorporated as required. The ICSC secretariat would work with organizations to develop additional post illustrations to provide further guidance in the assessment process, and annual reports on progressive system refinements would be provided to the Commission. Furthermore, the secretariat would carry out a comprehensive assessment of the system after 18 to 24 months and present to the Commission for review and approval any substantive design changes that it believed to be warranted.

21. The Commission was requested to provide guidance on the next stages of the reform of job evaluation with respect to the development of a similar holistic and simplified job evaluation approach to the General Service and related categories.

Views of the organizations

22. The representative of the Human Resources Network welcomed the progress on the Master Standard and noted that the results attested to the need for broad consultative processes when changes in the system were introduced. The organizations had participated fully in the development and validation processes of the new standard and were of the view that it could be a solid modern underpinning of the pay and benefits system.

23. She recalled that the organizations had requested the Chairman of ICSC to submit formally the final version of the standard, along with a brief description of the development and testing process, to executive heads before its promulgation, so as to facilitate the consultative and formal approval process within each organization.

24. The representative noted that one area of concern related to the training needs. However, organizations were assured by the ICSC secretariat that it would provide training sessions across the system. She noted that it was essential that all concerned understood the new Master Standard, since transparency was one of the values organizations sought to promote with the new system.

25. The organizations were ready to begin work on the reform of job classification for the General Service and related categories and therefore looked forward to collaborating on the preparation of a detailed work plan.

Views of the staff representatives

26. The representative of the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA) stated that the Committee had serious concerns about the development and validation of the new system of job classification. As at 1 January 2004, years of experience, language skills and academic preparation would be completely ignored under the new classification system. CCISUA was concerned that sooner or later this "brilliant" new system would have an impact on the selection process.

27. CCISUA had participated in the validation workshop held in Geneva in March 2003. From a staff perspective, the new Master Standard, as presented and validated during the workshop, would not appear to present obvious problems for career development, or the protection of staff rights in general. On the face of it, the move from quantitative to qualitative factors did not make staff any worse off. However, not knowing how recruitment/appointment procedures would tie into the new post classification system, a meaningful assessment of how staff interests would be affected by the new Master Standard was difficult to make. In this context, consideration should be given to the different recruitment practices throughout the common system. It appeared that the qualitative and less accurate descriptors in vacancy announcements would go hand in hand with the new classification system, and that would create particularly great risks for staff in organizations where posts are advertised externally. Less precise criteria that no longer made reference to university degrees, years of work experience, number of languages required, etc., would make it easier to recruit less-qualified external candidates over better-qualified internal candidates. In assessing the Master Standard, as much attention should be paid to the linkages between the classification standard and other issues of concern to staff — e.g., broadbanding, performance pay, etc. — as to the Master Standard itself.

28. She noted that repeated references to United States corporate practices could not but raise questions about the possible consequences of such "dramatic changes" for United Nations staff. It was a truism that the private sector had the market as its ultimate arbiter; the United Nations did not, for better or worse. This meant that the United Nations as an employer should be more conservative and more seniority-driven than a private sector employer. Misguided management in the private sector would pay the price for hiring mediocre candidates, if those individuals did not increase profitability. At the United Nations, such consequences were far from certain. The United Nations was unlikely to go out of business in the event of personnel management-related deficiencies. She noted that there was no obvious reason why CCISUA would accept the trend to move away from entitlements and towards more flexibility for management, allowing for more and more types of

contracts that are inferior to regular 100-series contracts. Instead, CCISUA was striving to ensure equal working conditions for everyone doing equal work within the United Nations. She noted that only from a perspective that took into account the overall service conditions could a decision on whether or not to embrace the new Master Standard be reached.

29. The representative of the Federation of International Civil Servants' Associations (FICSA) reserved his support on the promulgation of the new Master Standard until FICSA had received the final version of the updated programme. More clarity on language and weighting was needed, as well as an indication that the standard could be applied consistently across the common system. FICSA sought clarification of the role of human resources personnel in applying the new standard and asked how specifically the new standard would be linked to a broadbanded approach.

30. Regarding the proposal to consider devising a new classification standard for General Service staff, FICSA expressed concern about its impact on the application of the Flemming principle. FICSA requested to be part of any working group set up to discuss this issue.

Discussion by the Commission

31. The Commission was satisfied that the validation exercises had shown that the standard was ready for application. It noted that the standard was designed in such a way as to reflect the competencies required at various levels for the achievement of results. This represented a totally new approach in the management of human resources in the organizations, and therefore a rigorous training programme would be needed to ensure sustainability of the change in organizational culture.

32. If, as desired by the organizations, a consultative process were to take place within each organization, the formal promulgation of the standard did not appear to be feasible at the fifty-seventh session. It was therefore proposed that the Commission delegate its authority for promulgation of the standard to its Chairman to allow organizations time to complete the internal consultative process to enable promulgation on 1 January 2004.

33. The Commission confirmed that its secretariat would continue to play a leading role in the collaborative efforts for continued enhancement of the standard and the training programme for its implementation. The Commission would review the work in progress.

34. Regarding the classification standards for the General Service category, the Commission noted that there were eight classification regimes, one for each of the seven headquarters duty stations and one non-headquarters standard. The Commission considered that there had never been any doubt that the reform effort would encompass the General Service and related categories. Some members felt that it might be desirable to examine the progression of support category functions from a global perspective, including the possibility of the application of a single standard for the classification of all General Service jobs. Other members were of the view, however, that the reform of the Professional category should be completed first to ensure that the initiative was viable before extending it to the General Service category. It therefore seemed prudent to exercise caution in undertaking such a project.

Decisions of the Commission

35. The Commission decided that with regard to the reform of job evaluation within the context of the review of the pay and benefits system:

(a) Authority for the promulgation of the new system of job evaluation comprising: (i) the Master Standard, (ii) grade level descriptors and (iii) a new job description format should be delegated to its Chairman to allow for internal consultations within the organizations with a view to promulgation as at 1 January 2004;

(b) Its secretariat should report on an annual basis on the implementation of the new standards in organizations. This information should include: the number of jobs that, on application of the new standard, are found to be undergraded or overgraded and the levels affected; the impact of change on the organizations; and difficulties encountered;

(c) Its secretariat should carry out a comprehensive assessment of the job evaluation system after 18 to 24 months and present to the Commission for its review and approval any substantive design changes that may be required;

(d) Its secretariat, in consultation with organizations and staff representatives, should pursue further research on the proposal to reform the job evaluation system for the General Service and related categories and provide the Commission with a report.

2. Broadbanding/performance pay

36. In the context of the review of the pay and benefits system, the Commission considered the question of the establishment of a broadbanding system. Such a system groups current grades into broad salary bands. Generally, there are no steps between the minimum and maximum pay for the band. It provides for career development streams and enables organizations to use jobs and deploy staff in a manner that is more aligned with programme demands. Accordingly, the broadbanding approach is more responsive to the management of work, including teamwork. It permits managers to shift the duties and responsibilities of their staff to meet new requirements and priorities. It accommodates the simplification and streamlining of the job evaluation system, permitting a more generic description of the work at each level. Accordingly, it reduces the focus on job classification and the need for numerous job classification specialists. Lateral job changes are made without the need to reclassify jobs. Vertical job changes are fewer, since the change in job duties and responsibilities must be significant before a change from one band to another is warranted. Broadbanding involves less central staff control and supports the delegation of more administrative responsibility to managers. It therefore requires a significant increase in management development and training. There is less emphasis on job-to-job comparisons, and it permits a redefinition of pay equity to include a measure of how well a job is performed rather than just ensuring that duties and responsibilities are equivalent.

37. One of the key reasons for the adoption of broadbands is recognition of the world of work as it currently exists. The ability to deploy staff in other than a hierarchical structure would assist the accomplishment of work by permitting working arrangements that facilitate the achievement of results. The ability to move staff through bands based on measurements other than time-based measurements

would permit a link to pay for performance. Broadbanded systems, where they exist, generally operate in the context of pay-for-performance systems.

38. At its fifty-sixth session the Commission decided that only one broadbanded model should be applied to the entire common system. This was necessary to preserve the integrity and cohesion of the common system. The existence of pay structures that vary by organization would create unnecessary competition for staff among the organizations. As a result, it was decided to pilot only one broadbanded structure. The Commission selected one structure recommended by the organizations, which was very similar to the preferred structure it had identified in its twenty-eighth annual report.

39. The Commission eventually selected 3 models to be tested, which were designed to address the individual circumstances of a possible voluntary participant organization. The design took into account the stage of development of human resources subsystems of an organization and its management culture. The models to be tested are as follows:

Model 1

(a)	Salary structure:	Band 1	P-1, P-2
		Band 2	P-3, P-4, P-5
		Band 3	D-1, D-2

(b) Evaluation for determining pay: confluence of factors: performance, competency development and client feedback;

(c) Evaluation and pay decisions: the evaluation of performance will be done annually, with pay decisions to be made every two years with fixed and variable percentage increases applying to relevant rating categories.

Model 2

(a)	Salary structure:	Band 1	P-1, P-2
		Band 2	P-3, P-4, P-5
		Band 3	D-1, D-2

(b) Evaluation for determining pay: current appraisal system enhanced to the extent possible to take into account competencies and client feedback;

(c) Evaluation and pay decisions: to be made in accordance with the current evaluation cycle of the organizations, with fixed and variable percentage increases applying to relevant rating categories.

Model 3

(a) Salary structure: retain the current seven-grade structure with no step increments;

(b) Evaluation for determining pay: current appraisal system enhanced to the extent possible to take into account competencies and client feedback;

(c) Evaluation and pay decisions: to be made annually in accordance with the organizations' current evaluation cycle, with fixed and variable percentage increases applying to relevant rating categories.

40. In the context of the testing of the above models, the Commission decided that:

(a) A minimum of three and no more than five rating categories should be used in assessing performance;

(b) It would test both fixed and variable percentage salary increases related to the rating categories, ranging from no increase for performance requiring improvement to variable increases for satisfactory/outstanding performance;

(c) A staff member's position in the salary range would not be used in determining salary increases;

(d) Forced rating distributions — that is, a predetermined percentage of staff in each rating category — would not be used in determining salary increases. Rather, guidelines in the form of narrative descriptions would be developed to include safeguards against cost inflation;

(e) The adjustment of salary to recognize performance should represent pensionable increases to salary in a fully functional pay-for-performance system linking performance to salary adjustment. In the context of the pilot study, it decided that such adjustments should not be pensionable;

(f) It would provide the organizations with general guidelines on the process that should be followed in determining overall ratings and salary increase decisions. The guidelines would address the role of committees in reviewing c[illegible]all ratings and salary increases in order to ensure equity of treatment;

(g) The operational pay-for-performance system, in combination with the three models chosen for pilot testing, should be designed to be cost neutral. The appropriation of additional resources would have to be decided by the General Assembly and other legislative bodies, based on the effectiveness of the new system, efficiency gains, greater recognition of performance or some other basis;

(h) In order to maintain cost neutrality, it was estimated that 2.5 per cent of salary on an annual basis could be applied in the context of Models 1 and 2, while 2 per cent could be applied in the case of Model 3.

41. A credible and reliable performance appraisal system that is acceptable to all parties concerned is an absolute necessity in moving forward with broadbanding and/or pay for performance. In this context, the Commission had before it the qualitative and quantitative analysis of the performance appraisal systems of the organizations that it had requested. Eighteen organizations had responded to the questionnaire sent by the ICSC secretariat. Its review of the organizations' performance appraisal systems was intended to assess the organizations' readiness to link their systems to a pay-for-performance system.

42. As part of the Commission's review it also further developed the pay-for-performance strategy. It addressed, in concrete and practical terms, the issues involved in the possible application of such a strategy in the United Nations common system. The Commission also looked at modalities proposed for application in the conduct of a pilot study and in the context of organizations that might be considered as candidates to carry out the study. The Commission also

considered a report of a working group it had established to recommend criteria that could be used to determine the degree of success of the pilot study. The working group had also identified the issues that it felt needed to be addressed in order to proceed with the pilot study.

Views of the organizations

43. The representative of the Human Resources Network noted that broadbanding could assist the organizations in a number of areas:

(a) In recruitment, by providing flexibility to appoint people at different places in a range depending on their skills and competencies;

(b) In career development, by motivating staff, as career progression was enhanced for high performers who could move more quickly through a wide salary range;

(c) In culture change, by reinforcing elements of the reforms being promoted by executive heads.

44. The Human Resources Network realized that broadbanding must be accompanied by robust performance management systems and trained managers and that the organizations were working in both these areas. At the same time, broadbanding itself could assist in driving progress in these areas.

45. Turning to the banding options, the representative of the Human Resources Network recalled that from the very beginning organizations had expressed the view that more than one option should be tested. While the organizations saw logic in moving towards adopting a one-banded approach, they saw merit at this stage in testing two different banded models in the pilot study, and each of these in more than one organization so as to make a proper assessment before selecting one model for application across the common system. The Human Resources Network considered that the following models should be tested: (a) P-1, P-2; P-3, P-4, P-5; D-1, D-2; and (b) P-1; P-2, P-3, P-4; P-5, D-1; D-2, as those best met the needs of the majority of organizations.

46. She noted that the structure, size and complexity of the organizations differed significantly and that it was essential that a broadbanded model be congruent with the work environment of the organization participating in the pilot. A model should not be imposed on an organization if it did not deem it appropriate to its work. The different sizes and structures, as well as differences in nature of work and occupational streams, made it difficult at this stage — without testing — to determine the best model.

47. The representative of the Human Resources Network noted that the analysis of the performance appraisal systems of the organizations was encouraging, since it showed that almost all organizations had taken the necessary steps to move from traditional to more modern performance appraisal systems. Although there were varying levels of progress in the organizations, the changes that had occurred over the last decade were impressive, as compared with those of the previous period, with respect to planning, goal setting, relating individual goals to organizational strategies, competency development and related managerial development programmes. Organizations appreciated the work done by the Commission in providing guidelines in that area, noting that performance management was a non-

core element of the framework for human resources management, because in order to be effective, performance management must be responsive to the needs of the particular organization involved.

48. Several organizations presented updated information on their own performance appraisal systems, including on recent or ongoing reforms, to complement the information provided by the secretariat. The organizations were of the view that the pilot study would give added impetus to the strengthening of their performance appraisal systems.

49. Regarding the proposed pilot study on performance pay and related salary structures, the representative of the Human Resources Network noted that, while progress had been made, much remained to be accomplished. The Human Resources Network had reviewed the documents on the review of the pay and benefits system prepared for the current session with great care and had participated in the one-day working group on the establishment of criteria for evaluating the success of the pilot study. The preparatory process was extremely important to the outcome, in which all organizations were stakeholders. Therefore, it was essential that all interested organizations be involved in the preparatory phase and monitoring progress, not just those that would volunteer to pilot the new approaches.

50. She noted that adequate preparation by organizations and adequate support from the ICSC secretariat would be determining factors in the outcome of the pilot study. Therefore, it was essential that the Commission appoint a project manager who would oversee the pilot projects in a dedicated manner. Furthermore, a detailed project plan should be developed, and each organization volunteering to participate in the pilot study should appoint a team leader. A task force should also be established to monitor progress and to ensure that the experience provided adequate learning beyond the context of the pilot organizations. The timetable for the pilot study presented to the Commission must be seen as indicative rather than prescriptive — technical credibility should not be sacrificed for speed. There must be sufficient time for the preparatory work, and two years might be too short a period to draw definitive conclusions about the outcome of the pilots. Moreover, other organizations might be ready to join the piloting at a later stage.

51. The report of the working group on critical success factors and other issues relevant to the conduct of the pilot study was a good first step, but a one-day meeting in the week before the Commission met was clearly insufficient. More time needed to be invested in developing further the criteria of success, as well as pilot activities and timelines.

52. The representative pointed out that a robust communication strategy was needed to cover all parties, including staff, managers, human resources specialists and Member States. It was essential that all parties understood the underlying rationale, the way in which the pilot study would be administered and the success criteria. She noted that some other areas demanded more reflection: multi-rater assessment in performance management; the appropriateness of involving training units in the appraisal process; and unresolved issues relating to information technology systems. She noted that the proposed task force could resolve these outstanding issues.

53. With regard to cost neutrality, she noted that organizations were very cognizant of the budgetary constraints but did not see cost neutrality as a sine qua non. That

condition had never been included in General Assembly resolutions; moreover, some governing bodies might decide to dedicate additional resources to the process.

Views of the staff representatives

54. Without precluding the need for changes intended to improve the functioning of the United Nations common system, FICSA indicated its opposition to broadbanding and pay-for-performance schemes for the common system. They were private sector concepts that could not be properly implemented in the United Nations common system. If they were to be implemented on the basis of cost neutrality, they would in effect constitute "beggar thy neighbour" policies that would pit one employee against another for a limited amount of money. FICSA cited documents produced by the American Federation of Government Employees and the experience of the World Bank, both of which reflected negatively on these concepts.

55. The representative of FICSA noted that the information on performance appraisal systems presented by the ICSC secretariat provided further evidence that organizations were neither ready for a pilot study nor ready to move forward on any kind of pay for performance. He noted that among those organizations that had implemented core competencies, none had opted to join the pilot study.

56. FICSA agreed that a credible performance appraisal system is critical to any discussion on the pay and benefits system. It noted that only two organizations were implementing 360-degree feedback.

57. FICSA noted that the actual performance ratings of staff clearly indicated that most managers rate staff performance at a high level (see table). Thus, the objective of retaining highly motivated and efficient staff had already been accomplished.

Table
Performance ratings

Organization	*Percentage of staff partially meeting expectations*	*Percentage of staff with unsatisfactory performance*	*Percentage of staff fully meeting or exceeding expectations*
United Nations	1.2	0.1	98.7
UNDP	3.45	0.0	96.55
UNHCR	1.0	0.0	99.0
WFP	0.5	0.0	99.5
UNESCO	0.0	0.0	100
ICAO	1.7	0.5	97.8
UPU	0.0	0.0	100
ITU	1.0	0.0	99.0
WIPO	0.4	0.2	99.4
UNIDO	4.0	0.0	96.0
UNAIDS	2.0	1.0	97.0

58. Before embarking on any broadbanding or pay-for-performance scheme, organizations should put into practice the performance management guidelines recommended by ICSC in 1994 but never truly put into effect. The representative noted that poor management skills had been identified as a problem in the past, thus creating the perception that the current system, which had originally been conceived to be a pay-for-performance mechanism, was now perceived as an entitlement-based system. Yet training for managers had not been addressed.

59. Recognizing that efforts might still be made to proceed with the pilot study on broadbanding and pay for performance, FICSA stressed that a clear commitment among managers and employees was vital and that staff would need to know how any system would affect them.

60. FICSA noted that the concerns it had raised on earlier occasions were still valid. Furthermore, it noted that some of the organizations that had agreed to participate in the pilot study were unable to test Models 1 and 2, since they did not have the mechanisms for client feedback and had not developed a fully functioning competency model.

61. In addition, FICSA noted that in order for the pilot to be undertaken the following additional elements needed to be in place:

- A project manager needs to be identified
- Project teams need to be in place
- A project plan needs to be articulated
- A budget needs to be allocated
- Benchmarks and milestones need to be clearly identified
- Baseline data need to be established
- A communication plan needs to be elaborated and implemented
- The project should be evaluated by an independent evaluator.

62. FICSA noted that only a significant salary increase would constitute merit pay. The 3 to 6 per cent increase currently identified was not an adequate amount for merit pay. FICSA stated that in the event that the plans to pilot broadbanding proceeded, multiple models should be tested, but only one model should be implemented for the common system. The representative noted that one of the proposed models for testing had a band that covered approximately 80 per cent of the staff. Such a band was considered to be too broad, as it eliminated the majority of promotions.

63. FICSA called for greater collaboration with staff associations/unions and the administrations and stressed that staff should be brought fully into the discussions from the outset and not simply be briefed. The Federation's representative requested that organizations that would participate in the pilot study should track the pay-for-performance increases of staff by level, gender, age, longevity and nationality. It was also proposed that any pilot study should be applied first to senior managers — that is, P-5 and above — in order to ensure commitment on the part of senior management to a performance culture that would then be applied to the rest of the staff. FICSA added that a pay-for-performance system should not offer performance pay amounts lower than current step increase amounts for those fully meeting the

expectations of the organization's work plan, as this would defeat the purpose of introducing a pay-for-performance system.

64. The representative of CCISUA agreed with FICSA that the information presented by the Commission's secretariat on the performance appraisal systems provided further evidence that organizations were not ready for a pilot study or to move forward on any kind of pay for performance. She observed that most of the current performance appraisal systems were based on a five-rating system. However, a three-rating system would be more appropriate. She noted that two elements of data were missing in the analysis of the performance appraisal systems, namely, the number of appeals submitted by staff and the results of those appeals.

65. The representative indicated that the accountability of managers was a recurrent topic, and she felt that it had not yet been put into practice. She also stressed the importance of dialogue, which was sometimes lacking owing to lack of time or fear of confrontation.

66. The representative of CCISUA stated that a successful pilot required a credible performance appraisal system. So far, experience had shown that the majority of staff did not trust the current performance appraisal system. The question was raised whether organizations could embark on a pilot study when the basic management tool was considered biased by staff. There were many instances of evaluation without proper dialogue, and performance evaluation systems were seen as a tool for sanctions. She noted that staff currently suffered from too much patronizing. Staff had lost their motivation while waiting for due recognition of their talents and competencies.

Views of the United Nations Joint Staff Pension Fund

67. The representative of the United Nations Joint Staff Pension Fund confirmed that both the Pension Fund secretariat and the Pension Board were following with great interest the Commission's ongoing review of the pay and benefits system, and in particular the pilot study now under active consideration. They were ready to cooperate with the Commission and its secretariat, as responsive partners, with regard to specific issues or concerns arising from the review that might involve questions with possible implications for the determination of pensionable remuneration and consequent pensions in the common system. Any such matters could be presented to the Pension Board at its July 2004 session.

Discussion by the Commission

68. The Commission expressed its appreciation for the work completed by its secretariat regarding the qualitative and quantitative information on performance management in the common system. It provided a useful overview of the current situation and highlighted areas where improvements had been made, some of them being rather considerable. However, it also highlighted some weaknesses, such as in the setting of goals and objectives at individual levels in the organizations.

69. The issue of the distribution of the workforce performance ratings was addressed. Some members of the Commission suggested that it would be useful to provide guidelines to the organizations on a reasonable range of staff performance rating distribution without imposing prescriptive measures. A related issue was the capability of supervisors to adequately assess and differentiate individual

performance. In order to reduce staff concerns regarding the "fairness" of the supervisors, it might be useful to refer to some of the principles included in the standards of conduct. The Commission also considered proposals for multi-rater assessments, which would ensure that the appraisal of performance did not rest solely on the judgement of the supervisor.

70. The Commission recognized that progress on performance management had been made in a number of organizations. However, a review of the present state of performance management throughout the common system left no doubt that there was a tremendous amount of work to be done before pay could be linked to performance in most organizations. The Commission observed that the organizations that had thus far volunteered to participate in a pilot study of broadbanding were among the organizations with more developed performance management systems.

71. The Commission agreed to move ahead with the pilot project as soon as the volunteer organizations were ready. It agreed that weaknesses in the appraisal systems should be identified and resolved. Gradually, the organizations should try to achieve a more effective system. The Commission expressed the hope that further progress would be made in this area to allow additional organizations to join the pilot study.

72. While discussing the conditions under which the pilot study would proceed, the Commission noted that considerable developmental work still needed to be accomplished before a full range of approaches (performance against objectives, competency development and client feedback) could be conducted. Most organizations at present were not prepared for the full application of proposed approaches. The Commission therefore decided to also test a less ambitious set of approaches for rewarding contribution. That variation would accept the existing appraisal systems, enhanced to the extent possible to integrate competency development and client feedback into the assessment. Some organizations were not prepared to move to a broadbanded model, considering that the current grade structure met their needs. Some of those organizations saw utility in testing a pay-for-performance system in the context of the current salary structure modified to eliminate steps and to base salary movement on performance.

73. Some members expressed scepticism about the viability of the successful implementation of any broadbanded system in the United Nations common system. Such scepticism came from knowing the experience of some Governments, in which broadbanding had led to problems with career progression, mobility and morale, as well as increased costs. Moreover, broadbanding does not distinguish between degrees of difficulty and responsibility of work within the band. In such situations in the United Nations system, a P-3 staff member could eventually receive a higher salary than a new P-5 supervisor. Furthermore, in the broadbanded system to be tested, a P-3, P-4 or P-5 vacancy would be announced only as a Band 2 vacancy. Thus, staff would not know if the vacant job entailed less or greater responsibility than their current job. These members were of the view that level of responsibility, as represented in the current seven-grade structure, should carry appropriate weight, together with performance, when pay decisions are made. Nonetheless, these members agreed that the pilot study should proceed in order to test the concept in the system.

74. The Commission emphasized the importance of the preparatory phase for the pilot study. It recalled that it had earlier expected the organizations to begin the pilot

study in January 2004. However, it agreed with the organizations that a careful and measured approach was necessary to ensure success. It was noted that comprehensive planning was essential. The Commission therefore understood the need to begin the pilot study when the preparatory work was complete.

75. The Commission agreed with the representatives of the organizations that a clear communication strategy was needed. It was essential that all parties understand the underlying rationale for the possible introduction of pay for performance, the way in which the pilot study would be conducted and the criteria that would be used to judge its success. Experience in other institutions had shown that the most reasonable and necessary reforms would fail if the reform effort was not accompanied by a vigorous communications strategy. Therefore, it requested its secretariat to develop a comprehensive and clear strategy for communicating and addressing the needs of all interested parties, staff, managers, human resource specialists and Member States. The Commission noted, however, that it would be important to have the commitment of the highest levels of management in that effort in order to increase the viability of the testing programme and the later implementation of the new approaches.

76. The Commission also agreed that adequate preparation by organizations and adequate support from its secretariat would be determining factors in the outcome of the pilot project. The scope of the effort, however, was seen as requiring additional resources, particularly with regard to staffing. The Commission considered proposals to appoint a project manager to oversee the pilot study. It considered that the project manager would need to be not only conversant with the approaches being tested but also cognizant of the culture of the organizations that would test and, if found successful, implement the approaches. The question of resources for such a position would, however, need to be addressed. To ensure that the design of the pay reform was compatible with all organizations of the common system, some members believed that a task force composed of representatives of organizations was necessary to assist its secretariat in the planning for and further development of the pilot study.

77. The issue of the structure of the current salary scale, featuring dependency and single salary rates, was also discussed. Currently, base salary scales were expressed as gross and net amounts, with differing net amounts for single staff and those with dependants. Higher net salaries were provided for staff with recognized dependants than for those without dependants, based on the practices of Member States, which differentiate the amount of income tax levied for single persons and those with dependants. The current proposal did not differentiate between single and dependency net salary rates in establishing the structure of the salary scale to be used in the pilot exercise. Instead, the single and dependency net salaries would be merged into one scale for the pilot. Some members of the Commission felt that inequities would occur under this proposal and requested the ICSC secretariat to propose ways to retain the current concept of compensating staff on the basis of their dependency status. The Commission agreed that a comprehensive review of pay and benefits should include a review of the compensation for dependants currently included in the salary and allowances.

78. The issue of whether the pilot study should be a real or a virtual exercise had been addressed by the Commission on several previous occasions and was now considered again. Views were expressed that favoured the conduct of the pilot study

on a real basis. The Commission noted that the pilot study had been developed thus far to be conducted on a virtual basis, which meant that staff participating in the pilot study would be maintained in the current structure and continue to receive all relevant remuneration under it. They would also, however, participate in the pilot study under a different structure and receive any applicable additional remuneration, particularly performance pay. The Commission recognized that the virtual basis had been suggested to alleviate any legal issues that might arise with the application of the new approaches in the pilot study. It was noted, however, that for the test to provide maximum usefulness in assessing the new approaches, it would be desirable to conduct the pilot study on a real basis. The Commission considered that it would need more information in that regard. It therefore requested its secretariat, in consultation with the organizations, to address the possibility of conducting the pilot study on a real basis and to report to it thereon at its next session.

79. The Commission observed that the proposed pay ranges for the three broad pay bands to be applied in the pilot study overlapped significantly. Some considered that, while the broadbands should be based on the salary ranges of the existing salary scale to the extent possible, it was not necessary to replicate precisely those ranges in the salary structure of the pilot study. It was requested that the pay ranges be restructured to significantly reduce the overlap, which, it was noted, was approximately 50 per cent from one band to the next. The Commission requested proposals for the integration of staff into the broadbanded structure that would take into account their net salary upon implementation of the pilot study and the pay band into which they would be placed on the basis of their grade.

80. It was requested that further study be done on the issue of promotion. As proposed, promotions with an accompanying percentage increase in pay, would occur when staff moved into a higher pay band. On the other hand, no consideration of a pay increase would be possible when staff moved within a band from one job to another within the organization. Should movement from one band to another mean an automatic increase in pay? Should not this increase be earned in performance on the job just as it is when job changes are made within the band?

81. The Commission noted that, of the three models it had selected for testing in the pilot study, at least two might require measurements of at least two year's duration. The measurement of competency development, e.g., might require more than a one-year observation period. A two-year study would permit the evaluation of only one cycle of measurements. It was also informed that the experience of the comparator in conducting its studies on the same and similar approaches showed that the testing period exceeded two years. Accordingly, the Commission considered whether a two-year test would adequately address all relevant issues. The secretariat was requested to take this into consideration in developing the project plan for the pilot study. In that context, it considered that it would be necessary to develop a time line to ensure that all parties were aware of the timing of the various phases of the study, the activities to be conducted under each phase and the responsibilities of each of the parties involved in each phase of the study.

82. With regard to the proposed models, some Commission members expressed the view that Model 2 more accurately reflected the state of development of the human resources subsystems necessary to conduct the pilot study. They noted, however, that of the 3 models proposed for testing, Model 3 represented the least amount of change from the current system and could therefore be tested by a number of

organizations. With regard to Model 1, and to some extent also to Model 2, it was noted that a pass/fail rating on competency development and client feedback was suggested as one possible approach to the measurement of those elements. Views were expressed that the pass/fail rating should not be the basis for determining awards, since that might not be reflective of the results orientation of the test. The Commission requested its secretariat to study the issue further and to consider an approach that would provide for a weighted rating integrated into the overall assessment. In the weighting process it was proposed that a greater weight be assigned to the achievement of results and less weight to competency development and client feedback. It was further proposed that the resulting integrated rating should form the basis for determining the percentage pay adjustment. In determining the percentage of pay adjustment in cases involving team performance, the Commission considered that the distribution of the resulting pay adjustment within the team needed to be clarified to ensure a distribution that not only recognized overall team performance but also appropriately recognized the performance of individual team members.

83. It was requested that work be done to develop a list of measures that would permit evaluation of an organization's readiness to undertake a pilot study on broadbanding. Should the pilot study prove successful, these same measures could then be used to determine the readiness of all organizations to move to a broadbanded pay system.

84. The Commission reviewed the proposals of the working group it had established for the development of the criteria for success to be applied in conducting the pilot study. It noted that the working group had examined criteria developed by the comparator in assessing the results of its studies of the same and similar pay and benefits approaches over the last two decades. On the basis of the experience of the comparator, the working group developed criteria that could be applied to the Commission's pilot study. Members of the working group noted that the criteria would benefit from further development, particularly in the context of the organizations volunteering to participate in the study and the selection of the model to be tested. The Commission considered that the criteria developed thus far represented a good basis for its further consideration. In that context, it considered that it was essential to develop baseline data for all approaches to be tested before the pilot became operational, so that data could be compared with the results after the pilot study was concluded. Measures of success for the pilot study should take into consideration the appropriate classification of positions under the new Master Standard, cost controls and the readiness of organizations to implement the results of the pilot study. In addition, an objective assessment of the results of the pilot study would be required.

85. Some members requested, in this context, that the following matters be considered as work progresses on the development of the measurements of success: (a) measurements should be developed to address the objectives of the pay and benefits reform as described in paragraph 12 of the Commission's twenty-eighth annual report; (b) accuracy of classification should be measured by a post audit conducted by classification specialists rather than on the basis of the number of appeals filed; (c) measurements should be developed to evaluate the organizations' ability to operate the broadbanded pay system within budgetary limits; (d) measurements are needed to evaluate the organization's ability to recruit high-quality and diverse staff; (e) current measurements address only internal mobility —

measurements should be added to assess the impact on movement between organizations of the common system. In addition, baseline data should be established for all of the measurements before the pilot begins. Benchmarks for success should be established where possible for each of the measurements.

Decisions of the Commission

86. The Commission took note of the status of the organizations' performance appraisal systems and decided to move forward with the pilot study as follows:

(a) It recognized the need for a full-time project manager and requested its Chairman to pursue the recruitment of such a manager, subject to the necessary resources becoming available. A task force should be established, led by the ICSC secretariat and involving all organizations and staff representatives, to pursue the further development of reform concepts. A comprehensive project plan should be developed to guide the preparation for and conduct of the pilot study. The plan should include a communication strategy addressing the needs of all interested parties;

(b) It further requested its secretariat, in consultation with administration and staff representatives, to present it with proposals on the conduct of the pilot study that would:

(i) Develop measurements to assess the readiness of the volunteer organizations to undertake the pilot study and adjust the commencement date for the pilot accordingly;

(ii) Determine how long the pilot study should continue in order to adequately evaluate all aspects of the tests and recommend a duration for the pilot study;

(iii) Permit a real rather than a virtual test of pay for performance that at the same time would address any legal and/or administrative impediments;

(iv) Appropriately take into account the dependency status of staff in constructing the pilot study salary structure;

(v) Develop proposals for a salary structure that would reduce or eliminate the overlap of the salary bands that is created by use of the current grade structure to create the bands. Include proposals for placing staff into such a structure upon commencement of the study;

(vi) Present concepts for a confluence approach that gives greater weight to results achieved in relation to established objectives while integrating demonstrated competencies and client feedback into a single assessment. Pass/fail ratings should not be used;

(vii) Consider the administration of promotions in the models chosen for testing;

(viii) Establish baseline data prior to the commencement of the pilot study for comparison purposes in measuring the success of the study;

(ix) Further develop the criteria for the measurement of the success of the study.

3. Senior Management Service

87. The Commission had decided at its fifty-sixth session that it would continue to address the issue of the Senior Management Service on the basis of the guidelines provided on the subject in its 2002 report, and noted that the developmental work on the issue was proceeding under the auspices of the United Nations System Chief Executives Board for Coordination. It did not feel that consideration of the Senior Management Service would need to be undertaken in the context of the pay and benefits review. However, some Members were of the view that its early establishment would facilitate the reform of the human resources management system. It requested the organizations to inform it of progress made, as appropriate, with a preliminary report to be submitted at its fifty-seventh session. At its fifty-seventh session the Commission was informed by the representative of the CEB/High-level Committee on Management (HLCM) that work was commencing on the development of the Senior Management Service with a view to, inter alia, validating the core competencies, which the Commission had reviewed in 2002, and the further development of the criteria for the determination of Senior Management Service membership. The Human Resources Network expected to report to the Commission in 2004 on further progress.

Decision of the Commission

88. The Commission took note of the information provided by the Human Resources Network on its work on the Senior Management Service and requested the organizations to inform it of progress made, as appropriate, with a report to be submitted at its fifty-eighth session.

B. Contractual arrangements

89. In 2000, the Commission adopted an integrated framework for human resources management, within which it identified contractual arrangements as a core element to the extent that the compensation package was common across organizations.

90. At its fifty-third and fifty-fourth sessions, ICSC addressed the issue of contractual arrangements. It concluded that it was important to establish a consistent framework by reducing the number of different contracts and standardizing their description. The Commission requested additional information on the justification for changes and concrete examples of organizational needs and constraints with regard to contractual arrangements before deciding on a catalogue of contractual arrangements from which organizations could select and adapt according to their specific needs.

91. In December 2002, the General Assembly noted in its resolution 57/285 that the Commission would examine the issue of contractual arrangements in the United Nations system organizations, bearing in mind its close linkage to the review of the pay and benefits system.

92. The Commission was presented at its fifty-seventh session with a document containing an analysis of the experience in the International Labour Organization (ILO), the International Telecommunication Union (ITU), the Office of the United Nations High Commissioner for Refugees (UNHCR) and the World Health

Organization (WHO); and proposals for developing a general framework within which organizations could operate, including three types of contractual arrangements that would be common to the organizations of the common system.

Views of the organizations

93. The representative of the Human Resources Network noted that contractual arrangements were developed to meet the organizations' diverse business needs and the nature of work being performed and that they were governed by changing financial realities and the legislation of organizations' governing bodies. For this reason, in the framework on human resources management, they are deemed to be core to the extent that the compensation package is common across all organizations.

94. Almost all organizations had been or were reviewing their contractual policies, and many had already streamlined their contractual arrangements; these developments were referred to in the document. The collaborative process between the secretariat and organizations was productive, as it resulted in the delineation of a general framework that provided useful guidance and conformed to the socially responsible role required of organizations as employers.

Views of the staff representatives

95. The representative of FICSA reiterated the Federation's support for three basic types of contracts in the United Nations common system: permanent/indefinite (also known as career contracts), fixed-term and temporary. The representative of FICSA requested that the permanent/indefinite contract be clearly identified and that its terminology be standardized across the system to reduce confusion and to ensure that what was being considered was in fact the career contract.

96. The representative said that FICSA also requested that safeguards be put in place to protect those who held temporary contracts that had been renewed over a long period of time. While FICSA recognized that organizations wished to maintain flexibility, it could not condone what it saw as an abusive application of temporary contracts — one that was particularly acute in the field, where staff were more vulnerable. Furthermore, FICSA was concerned about the proliferation of appointments of limited duration in some organizations where staff on such appointments outnumbered those holding other types of contracts.

97. The representative of FICSA pointed out that in the discussions on the pay and benefits review, conflicting or contradictory messages had been conveyed. While, on the one hand, organizations were aiming at enhancing recruitment or retention and competitiveness to make the United Nations a more attractive and responsible employer, they were, on the other hand, proposing types of contracts that would produce the opposite results.

98. The representative of CCISUA supported the position of FICSA. She referred in particular to the definition of indefinite and continuing contracts and suggested that the phasing out of permanent contracts would be contradictory to the ongoing process of national competitive examinations.

99. She urged organizations to discontinue the practice of extending staff on a short-term basis over long periods of time and to seek instead other means of recruitment to meet organizational needs. In her view, permanent contracts would be

the best way of ensuring greater competitiveness for the common system, as experienced and pointed out by ITU, reflecting the concept of a career civil service and meeting the needs of staff who wanted to have a career in the United Nations common system. Contractual arrangements should therefore be developed to match the needs of the organization and, at the same time, respect individual staff needs and rights.

Discussion by the Commission

100. The Commission noted with appreciation the collaborative efforts of the secretariat and the organizations that had resulted in the proposals before it. However, some members considered that more information was required in order to make a meaningful assessment of the situation in the common system and to arrive at a decision that would support harmonization of practice with respect to contractual arrangements. In their view, the document did not address the Commission's original request. They considered that the descriptions of the three contract types proposed were too broad and would not therefore support effective implementation. The proposed framework would only allow organizations to continue with business as usual without changing anything. They would have liked to see a catalogue of contract types with a definition of each type including such conditions of employment as duration of tenure; mobility requirements; compensation package; procedures for extension and/or termination; and social security and health insurance provisions.

101. With respect to the issue of permanent contracts and the concept of a career service, some members believed that organizations should aim for openness so that the intake of fresh talent would be encouraged, and not seek to cling to the extensive retention of indefinite contractual arrangements. The view was expressed that extending the use of fixed-term contracts was a necessary or important condition for the introduction of performance-based pay. In addition, examples of decisions of administrative tribunals regarding the separation of staff on different types of contracts should have been incorporated in the report. It was their opinion that the proposals made in the document did not address the organizations' needs, as they would not establish arrangements with a common value, because common criteria had not been defined.

102. Members noted many types of contracts designed to specifically address the needs of each individual organization. The organizations had indicated that they had already begun simplifying their own contractual arrangements. Some members, therefore, were of the view that any recommendation of the Commission (which could be made only to the General Assembly) should be supportive and not prescriptive in order to serve as a general guideline to help organizations to proceed with initiatives that had already begun. Those members believed that the United Nations common system, as a career civil service, should avail itself of institutional memory, as the very nature of its work depended on that resource. Contractual policies should be in line with efforts to enhance mobility. As a broad framework, the document provided the flexibility originally requested, within which the specifics should be subsequently articulated.

103. There was agreement among the members of the Commission that there were too many contractual types across organizations and that the number should be reduced, as had already been pointed out by the General Assembly.

Decisions of the Commission

104. The Commission concluded that, while there was a wealth of information available on the present situation in the organizations of the common system, more work was needed before making a recommendation to the General Assembly.

105. In order to reach this position, and taking into account the need for allowing continued flexibility to organizations, the Commission requested its secretariat to prepare, in collaboration with the organizations, for its fifty-ninth session, a model contract for each of the following three categories proposed, namely, (a) continuing appointments, (b) fixed-term appointments and (c) temporary appointments, with subgroups in each category that would clearly distinguish the key characteristics. Details on the conditions of employment, such as duration of tenure; mobility requirements; the requirement for a probationary period; the procedures for progression to other contract types; the compensation package; social security and health insurance provisions; and procedures for extension and/or termination, should be provided for each subgroup.

C. Mobility

106. The General Assembly, in its resolution 55/258 of 14 June 2001, requested the Commission to conduct a comprehensive review of the question of mobility and its implications for the career development of staff members in the United Nations system. The Commission, after considering the Assembly's request, in its 2002 annual report informed the Assembly that its future work on the subject would address, inter alia, links between career development and mobility and provide an analysis of the advantages, disadvantages and obstacles to mobility both for the organizations and for staff.

107. On the basis of information collected from a range of organizations, the Commission, at its fifty-seventh session, examined various rationales for mobility, constraints to mobility in the common system and a framework for the enhancement of mobility in the common system. That framework identified areas where supportive programmes could be established to enhance internal or intra-organizational mobility, including mobility from Headquarters to the field and vice versa; inter-agency mobility; and mobility between organizations of the common system and other public or private organizations. Such supportive programmes would facilitate effective and efficient mobility policies in the common system and could be developed in the following areas:

(a) Active career management;

(b) Information technology support;

(c) Development of a young professionals scheme;

(d) Transparency of terms of contract;

(e) Effective recruitment processes;

(f) Development of induction and orientation programmes;

(g) Promotion of external mobility;

(h) Building a culture of mobility;

(i) Role of the United Nations System Staff College;

(j) Review of promotions while on inter-agency assignments;

(k) Amendment of inter-agency agreements;

(l) Work/family agenda;

(m) Knowledge management;

(n) Financial aspects.

Views of the organizations

108. The representative of the Human Resources Network expressed his appreciation for the report on the subject of mobility in the organizations, which highlighted the sensitivity and the complexity of the issues that surrounded all forms of mobility, particularly inter-agency mobility. The framework presented in the document was a valid and valuable response to the Assembly's request to the Commission.

109. The representative indicated that the matter was being discussed in a number of inter-agency bodies and working groups. In June 2003, the question of mobility, particularly inter-agency mobility, had been addressed at a meeting of the CEB/HLCM, at which five action areas had been identified:

(a) Development of a "vision" statement;

(b) Work to be carried out by a working group to help remove impediments and to strengthen policies to encourage mobility;

(c) Actions in respect of spouse employment;

(d) Work to strengthen organization induction and briefing programmes in terms of an international civil service;

(e) Development of proposals for financial incentives for inter-agency mobility for presentation to ICSC.

A work programme and time lines for the delivery of each item were circulated.

110. One of the key work areas would be that of the HLCM working group on such issues as revisions to the CEB inter-agency agreement on loans, transfers and secondments; reviewing the agreement for loan arrangements between the international financial institutions and the United Nations common system; policies in respect of treatment of all United Nations system applicants for posts as internal candidates; reviewing other administrative impediments, including health insurance provisions, with a view to eliminating them or at least reducing their impact on inter-agency mobility. The Secretary-General, in his reform proposals, had placed emphasis on "one United Nations". That was important in the context of the equitable treatment of all staff who were part of one international civil service. In that regard, the representative recalled that it was important to keep in mind that organizations of the common system had been established with a certain degree of autonomy in order to avoid the fate of those bodies that had been disbanded upon the demise of the League of Nations.

Views of the staff representatives

111. The representative of CCISUA agreed on the need to provide a well-designed framework for mobility in order to open up career opportunities for staff members. Referring to the mobility policy that had been introduced recently in the United Nations, she noted that staff members had expressed concerns regarding compulsory mobility. Linking promotion solely to mobility was not the best approach to filling vacant posts in unpopular duty stations. She pointed out that the usage of mobility to be rid of a particular staff member at a duty station should not be the intent of any mobility policy. She noted that certain posts lent themselves better than others to being filled by mobile staff. She referred to the issue of the portability of entitlements, which might have different implications for the various organizations.

112. The representative also expressed concerns in relation to secondment, in particular with regard to the difficulty some staff members might experience when they wished to return to their releasing organization. She noted that considering staff from other agencies as internal candidates might be a barrier to the staff already in place, and therefore felt that staff from other organizations should be considered only if there were no suitable internal candidates.

113. The representative supported the report presented to the Commission and noted that CCISUA was looking forward to following up the issue of mobility in the context of the related ongoing work of CEB/HLCM and also within the Staff-Management Coordination Committee.

114. The representative of FICSA noted that it was important to distinguish between internal and inter-agency mobility. He agreed with the views expressed that inter-agency mobility should be made easier. By working in different organizations staff members could gain experience throughout the common system, which was valuable. Therefore, service in all organizations should count towards seniority and advancement. Promotions earned while on secondment should be recognized by all organizations. The opportunity to return to the releasing organization should be guaranteed for two to four years. Furthermore, he noted that all staff should be considered as internal candidates for vacant posts throughout the common system, while taking into consideration the opportunities for promotion of staff in individual organizations.

115. FICSA also agreed with the view that it would be advantageous to spend time outside the system. Therefore, technical and scientific staff within the common system should have the opportunity to transfer temporarily to external organizations and to take paid sabbatical leave. The representative noted that if junior professional officers were required to serve their first assignments in the field, administrators should ensure that the local managers had the skills to mentor them.

116. FICSA stated that the financial incentives for mobility should be maintained, noting that in the private sector mobility was rewarded rather generously.

117. The proposals for future work on mobility constituted a large work programme, but efforts should be made to take a holistic approach to ensure that all pillars supporting new policies on mobility were in place prior to implementation.

Discussion by the Commission

118. The Commission expressed its appreciation for the information contained in the document before it. It reiterated that mobility should not be developed for the sake of moving staff from one duty station to another but should support the enhancement of organizational effectiveness and career development for staff. The Commission was of the view that mobility should increase the ability of the organizations to fulfil their functions, particularly in difficult duty stations. Therefore, where appropriate, upon appointment the obligation for mobility as well as the consequences of immobility should be stated in a staff member's contract. Members noted that the staff rules and regulations of the organizations of the common system already vested in the executive head the authority to assign staff to any of the activities or offices of the organization.

119. The Commission noted that various types of mobility existed, whether mandatory or optional. However, not all posts were suitable for mobility. Some members of the Commission considered that internal mobility should be mandatory while inter-agency mobility should be encouraged. Inter-agency agreements and other relevant rules should be simplified and presented more consistently. It was felt that promotions granted while on secondment or loan should be recognized when staff returned to their original organization. Members of the Commission were of the view that individual career information, such as appraisals, performance data and competencies gained, should be shared by the host organization with the lending organization.

120. It was suggested that all vacant posts throughout the common system should be open to all United Nations staff members, who would be considered as internal candidates. However, some members of the Commission considered that that would discriminate against external applicants and would jeopardize the intake of new talent and skills into the common system.

121. The Commission members noted that the issue of external mobility, as presented in the report, did not reflect the approach developed in the framework for human resources management, i.e., that mobility should provide for the movement of staff within and across international organizations, and as far as possible to and from national civil services and public-private sector institutions, and the attraction of outside candidates to the international civil service.

122. It was observed in the discussions that the creation of a central web site with a roster of interested candidates might create problems, since candidates often did not wish to make public their request for transfer or secondment for fear of being perceived as disloyal. Members pointed out, however, that the standards of conduct for the international civil service, which had only recently been updated by the Commission, stated that international loyalty meant loyalty to the whole United Nations system and not solely to the organization for which one worked.

123. Some members of the Commission emphasized that the issue of mobility was also related to contractual arrangements, and that both fixed-term contracts and mobility enhanced organizational efficiency. Therefore, conditions of employment and financial arrangements under the various contract types should be considered as a priority. It was suggested that the mobility element should be separated from the current mobility and hardship scheme. Mobility, where appropriate, could be rewarded and encouraged by the discretionary use of a sizeable lump sum

recruitment bonus. This approach could assist organizations in filling posts at hard-to-staff locations.

124. The Commission concurred that the difficulty of spouse employment was a major barrier to mobility. Accordingly, it felt that it should be listed as a priority area and efforts should be made by the organizations to develop appropriate policies. Organizations should be urged to develop appropriate solutions, such as negotiating agreements with host countries that would allow spouses to work. In addition, a policy of preferred treatment for spouse employment in other international organizations at the duty station could be pursued. Some members encouraged organizations to remove restrictions on spouses being employed in the same organization, as long as there is no reporting relationship between the spouses.

Decisions of the Commission

125. The Commission recognized that mobility was a key element in the reform efforts of the organizations. The importance of mobility as a means of developing a more versatile, multi-skilled and experienced international civil service capable of fulfilling complex mandates was emphasized. It enabled organizations to meet their programme needs, particularly in difficult duty stations. The Commission decided that it should approach mobility in a comprehensive manner, in harmony with contractual arrangements, conditions of employment, work/life agendas and spouse employment. Accordingly, the Commission identified four key areas where programmes should be developed to enhance mobility:

(a) Development of strategies to change organizational culture with regard to mobility;

(b) A clear definition of various types of mobility (e.g., rotation, mandatory or optional mobility and intra-organizational, inter-agency or external mobility);

(c) Terms of contracts, which should state conditions of employment, including mandatory mobility, where appropriate;

(d) Spouse employment.

126. In the context of the pay and benefits review, the Commission decided to review the current mobility and hardship scheme in order to assess its effectiveness in meeting the organizations' needs and to make alternative proposals to enhance mobility.

D. Hazard pay

127. In 2002, the Commission considered the level of hazard pay for both internationally and locally recruited staff. The Commission also addressed a request by the United Nations Security Coordinator to consider the possibility of establishing new criteria for hazard pay with respect to transitional administration missions. The Commission also considered the issue of eligibility for hazard pay for area staff of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

128. After its consideration of the matters mentioned above, the Commission decided:

(a) To reiterate its commitment to the principle of hazard pay and express its appreciation for the dedication and commitment of all staff working in hazardous conditions;

(b) To reconfirm that the current criteria for the granting of hazard pay should remain unchanged;

(c) To maintain the level of hazard pay for international staff at its current level of $1,000 per month;

(d) That, with effect from 1 January 2003, the level of hazard pay granted to locally recruited staff should be increased to 30 per cent of the midpoint of the local salary scales;

(e) After considering the situation with regard to UNRWA area staff and the legal opinions of the United Nations Legal Counsel and the General Counsel of UNRWA on this issue, to conclude that the Commissioner-General of UNRWA had full authority to deal with this matter by applying the relevant procedures in place for area staff.

129. In section I.D of its resolution 57/285, the General Assembly requested the Commission to reconsider its decision on hazard pay, taking into account all the views expressed by Member States.

130. Although the General Assembly refers in general terms to the Commission's decision on hazard pay, its resolution is understood as a request to the Commission to reconsider only its decision on increasing the level of hazard pay granted to locally recruited staff. On the basis of this understanding, the Commission considered, at its fifty-seventh session, two options regarding the level of hazard pay for locally recruited staff: maintaining the level of hazard pay for this category at its current level (20 per cent of the midpoint of the local salary scale) or upholding its prior decision to increase the level to 30 per cent of the midpoint of the local salary.

131. The Commission also received a request from FICSA to urge the UNRWA Commissioner-General and the United Nations Secretary-General to work closely with Member States to address the issue of providing hazard pay to UNRWA area staff.

Views of the organizations

132. The representative of the Human Resources Network recalled that, following inter-agency consultations on the extent of an increase of the hazard pay for locally recruited staff, the organizations had reported to the Commission at its fifty-fifth session that they supported an increase in the level of this benefit from 20 to 30 per cent of the midpoint of the local salary scale. She urged the Commission to maintain the decision it had taken in 2002. She considered that this decision was even more important now that the United Nations system workforce was increasingly placed in situations of serious danger, as had especially been the case during the year elapsed since the Commission had taken its decision. She reiterated that the financial impact of the increase in the level of hazard pay for locally recruited staff could be absorbed within organizations' budgets.

133. The representative of the Human Resources Network recalled that the organizations had also supported, at the fifty-fourth and fifty-fifth sessions of the Commission, the idea of adjusting the level of hazard pay for internationally recruited staff.

Views of the staff representatives

134. The representatives of FICSA and CCISUA supported the increase in the level of hazard pay granted to locally recruited staff and urged the Commission to uphold the decision it had taken in this regard in 2002. The representative of FICSA emphasized that the increase in the level of hazard pay for locally recruited staff should be applied to the area staff of UNRWA.

135. The representative of FICSA recalled that his Federation had appealed, at the fifty-fourth and the fifty-fifth sessions of the Commission, for funds for hazard pay for UNRWA area staff, who are on the front lines delivering services to refugees in the harshest circumstances. He reminded the Commission that both UNRWA international staff and the local staff of other United Nations agencies in the same area were in receipt of hazard pay. He stated that the Commission should strive for equitable treatment of all staff in a spirit of objectivity and fairness and on the basis of the principle of equal pay for equal risk. Regarding UNRWA area staff, he noted that, although their conditions of service were different from those of locally recruited staff employed by other United Nations agencies, this was due to the unique character of UNRWA. According to the definition established by the Commission, hazard pay is granted to staff members who are required by their organizations to work under hazardous conditions, defined as war or active hostilities. He further recalled that, at its fifty-fifth session, the Commission had noted the unique status of UNRWA on the basis of information provided by the United Nations Legal Counsel and the General Counsel of UNRWA.

136. The representative of FICSA recalled that ICSC had agreed that UNRWA area staff constituted a separate category whose conditions of service were distinctly different from those of common system locally recruited staff. The Commission had also agreed that the authority to grant specific allowances or entitlements to area staff clearly rested with the UNRWA Commissioner-General, who made those determinations on the basis of that Agency's policies and procedures. He reported that so far no action had been taken to grant hazard pay to UNRWA area staff. However, FICSA had been informed that UNRWA area staff would receive a one-time lump sum payment of only $100 for working in hazardous conditions, on 1 August 2003. He reiterated the plea of FICSA to the Commission to urge the UNRWA Commissioner-General and the United Nations Secretary-General to work closely with Member States to address the long-standing issue of providing hazard pay to UNRWA area staff.

137. The representative of CCISUA supported the views expressed by FICSA on the issue of granting hazard pay to area staff of UNRWA.

Discussion by the Commission

138. As at its fifty-fifth session, a majority of the members of the Commission supported upholding the decision to increase the level of hazard pay for locally recruited staff to 30 per cent of the midpoint of the local salary scale. They were of the view that the substantive debate on the rationale behind the Commission's

decision to increase the level of this benefit should not be reopened, since this rationale, as reported previously to the General Assembly, was still valid. They considered that although the symbolic nature of the entitlement should be maintained, debating the definition of "symbolic" was not useful, particularly given the fact that the payments currently ranged from $39 to $420 per month per staff member. Under the proposed increase the payments would range from $59 to $630. It was indicated to the Commission that the financial impact of the increase decided by the Commission had been estimated to amount to approximately $2,700,000 per annum system-wide.

139. The majority of the members of the Commission shared the view that the decision of the Commission on increasing the level of hazard pay for locally recruited staff should be implemented with effect from 1 January 2004. Avoiding retroactive implementation of the decision of the Commission would reduce its financial impact on the organizations.

140. Some members opposed the increase in the level of hazard pay for locally recruited staff. They reiterated that hazard pay had been conceived as a payment of a symbolic nature and had never been intended to be an essential part of the compensation package. If it were to be 30 per cent of the midpoint of the salary scale, it could no longer be considered symbolic, since at lower grade levels it could exceed the total salary. While different methodologies were in place for the internationally and locally recruited staff for good reason, equity had always been the Commission's concern. At its fifty-fifth session, the Commission had decided that there was no reason to adjust hazard pay for international staff even though its percentage level vis-à-vis base pay, which was already below that of locally recruited staff, had decreased. Yet, at its current session, the Commission was in favour of upholding its decision to increase this entitlement for locally recruited staff, which would result in an even bigger difference between the two categories. Locally recruited staff would be receiving 30 per cent of the midpoint of the salary scale as a hazard payment, compared with a payment of 17.36 per cent of base/floor salary for international staff. These members were of the opinion that such an increase was therefore inappropriate and inequitable. The view was also expressed that the decision to increase the level of hazard pay was being taken without any analysis of whether the conditions of service of staff at high-risk locations had deteriorated. These members did not join the consensus to uphold the decision of the Commission.

141. Regarding the request submitted by FICSA concerning UNRWA area staff, the Commission recalled its earlier conclusion that the Commissioner-General of UNRWA had full authority to deal with the issue of granting hazard pay for area staff of the Agency by applying the relevant procedures in place for this category of staff.

Decision of the Commission

142. The Commission decided to uphold its previous decision that the level of hazard pay granted to locally recruited staff should be increased to 30 per cent of the midpoint of the local salary scale and that this decision would be implemented with effect from 1 January 2004.

E. Mission subsistence allowance/special operations approach

143. At its fifty-fourth session (April/May 2002), the Commission was presented with a note by its secretariat that contained an overview of criteria and practice for mission subsistence allowance (MSA) in the United Nations, information on practices of some other common system organizations with respect to staff assigned to non-family locations and the special operations approach, and the extended monthly evacuation allowance. As some additional information and clarification were expected to be provided on those issues by the organizations, the Commission deferred its consideration of the item to the current session and requested its secretariat, in cooperation with the organizations concerned, to collect additional information and to consider the possibility of harmonizing the approach of the organizations on the matter.

144. The Commission had before it a note by the secretariat, which had been prepared at the request of the Commission. The document contained updated information on the practices of organizations using the special operations approach and the extended monthly evacuation allowance, as well as the views of the organizations on the feasibility of harmonizing their practices vis-à-vis staff assigned to non-family locations. The information collected showed that different arrangements were in place at different United Nations organizations with regard to remuneration packages and conditions of service of staff assigned to special missions and non-family duty stations. In this regard, the organizations were insistent on the need to maintain flexibility in the approach to this matter, in order to meet their diverse operational requirements.

Views of the organizations

145. The representative of the Human Resources Network noted that the arrangements for MSA and for the special operations approach had been put in place under the authority of the Secretary-General and other executive heads. Organizations emphasized the need for flexibility in the arrangements in order to meet their diverse operational arrangements. Peacekeeping missions had very different requirements from those situations that were being managed by the organizations carrying out humanitarian mandates. Organizations were, however, cognizant of the need to seek optimum harmonization. The current arrangements with respect to the special operations approach had been developed in a highly collaborative manner. This collaboration was ongoing, as organizations met regularly to resolve any issues related to the implementation of the special operations approach.

146. With respect to MSA, the United Nations Secretariat, in the context of the Secretary-General's reform proposal, was currently undertaking a review of the entitlements of staff in the field, of which this allowance was just one, with a view to examining where further harmonization might be possible. This would include the basis on which the Secretary-General would establish the MSA rate. As work was ongoing, the Human Resources Network did not believe that the time was right for the Commission to reach any final conclusions on the matter.

Views of the staff representatives

147. The representative of FICSA took note of the document before the Commission and the work of the organization on harmonization.

148. The representative of CCISUA also took note of the information in the document and the information provided by the organizations.

Discussion by the Commission

149. The Commission recalled that the General Assembly had requested it to review the arrangements followed by different United Nations organizations and agencies with staff at given duty stations in determining the conditions of service of their staff at those locations. The information collected showed that there was a variety of practices across the system. The Commission noted that, apart from their nomenclature, there were significant variations in the elements of the compensation package. The information before the Commission showed that there existed a wide variety of arrangements on remuneration packages and conditions of service. Although members clearly saw a need for some commonality of approach, it was recognized that there was need for flexibility to meet the different operational requirements of each organization. Such flexibility should not, however, lead to significant differences in the remuneration packages for staff of different organizations who are similarly situated at the same duty station.

150. The Commission recalled that, at some of its earlier sessions, it had already requested organizations to consider the possibility of harmonizing their approach to this issue. It was therefore disappointing to note that organizations had not yet finalized their work and had requested more time before the Commission reached a final conclusion on the matter.

151. When the mobility and hardship scheme was introduced in 1990, it was with the understanding that it would replace a number of individual allowances and benefits that pre-dated the scheme. The intent was to absorb the costs of allowances and benefits extended under pre-existing schemes into the mobility and hardship scheme. Therefore, members of the Commission were somewhat surprised to note that, under the special operations approach, some of these allowances had been reintroduced.

152. The Commission also noted that some organizations offered their staff on assignment to a non-family duty station the option of installing their family in appropriate facilities close to the non-family duty station, the so-called administrative place of assignment, which then became the official duty station of the staff member. Staff could also elect to have their previous duty station as the administrative place of assignment when family members remained at that duty station or in their home country. As regards the total remuneration package received by staff in non-family locations, emoluments and entitlements were based on rates and conditions applicable to the staff member's administrative place of assignment. Some members of the Commission, expressing concern about this approach, were of the view that cost-of-living expenditures and/or living conditions at the administrative place of assignment bore no relationship to the expenditures incurred, or living conditions, at the duty station where the staff member was actually working. These members also noted that this issue was related to some extent to the policies of organizations in respect of contracts, making this a matter that should be addressed through contractual arrangements.

153. An MSA, special operational living allowance rate or extended monthly evacuation allowance was paid in lieu of a daily subsistence allowance (DSA) to staff serving at special non-family duty stations. The latter two allowances were

based either on the MSA rate (where such a rate existed) or 75 or 60 per cent of DSA. The Commission noted that disparities existed between MSA and DSA rates. While DSA rates were established by the Commission, based on the cost of hotel rooms and meals and a standard rate for incidentals, MSA rates were established by the United Nations Secretariat and were based on the costs of longer-term accommodation, food and miscellaneous expenses. Since MSA rates were based on the cost of longer-term accommodations instead of hotel room costs, the Commission felt that it would not be unreasonable to assume that they should typically be lower and never higher than DSA for the same location. Efforts should be made at duty stations where discrepancies existed to link MSA to the DSA rates; the MSA rate, in that case, would be a percentage of DSA.

Decision of the Commission

154. The Commission took note of the information presented and stressed the need for further harmonization of practices of organizations with respect to the allowances for staff serving in non-family duty stations, in order to avoid competition and promote mobility of staff. It requested the organizations to continue their efforts to develop arrangements that would be applicable to all organizations and to present the Commission with a comprehensive report at its fifty-ninth session (2004). The Commission also requested its secretariat, in cooperation with the organizations, to consider and to report on the feasibility of linking MSA rates to the DSA rates established by the Commission.

Chapter IV
Conditions of service of the Professional and higher categories

A. Evolution of the United Nations/United States net remuneration margin

155. Under a standing mandate from the General Assembly, the Commission continued to review the relationship between the net remuneration of the United Nations staff in the Professional and higher categories in New York and that of United States federal civil service employees in comparable positions in Washington, D.C. (hereinafter referred to as "the margin").

156. The Commission was informed that the net remuneration margin for 2003 had been estimated at 111.9 on the basis of the approved methodology and existing grade equivalencies between United Nations and United States officials in comparable positions.

Views of the organizations

157. The representative of the Human Resources Network took note of the level of the margin estimate. An analysis of individual grade level margins had shown that three grade levels, P-4, P-5 and D-1, were very close to the minimum level of 110. If these again fell below that level, the matter would have to be addressed urgently by the Commission and the General Assembly.

158. For the executive heads and those who represented them, there remained the ongoing and frequently repeated concern regarding the competitivity of United Nations system remuneration. The Deputy Secretary-General had stated at the Commission's opening meeting that the executive heads looked forward to proposals from the Commission for updating and expanding the Noblemaire principle. Organizations welcomed the long-awaited study of the expanded Noblemaire principle, which would be undertaken in 2004.

Views of the staff representatives

159. The representative of FICSA supported the statement made by the Human Resources Network. FICSA strongly called for necessary action that would restore the margin level to the 115 midpoint.

160. The representative of CCISUA supported the statements made by the Human Resources Network and FICSA. He indicated that the necessary action should be taken to restore salaries in the Professional and higher categories to the appropriate level. In this regard, he expressed his Committee's and constituencies' disappointment with the General Assembly's decision to grant no salary increase to the lower Professional grades in 2003. CCISUA was of the view that there was a leadership crisis in the organizations and that granting a salary increase to the higher-level Professional grades was therefore not justified.

Discussions by the Commission

161. The Commission recalled that it had informed the General Assembly in the past that the adjustment of United States federal employees' salaries was based on

the comparator's Federal Employees Pay Comparability Act of 1990 (FEPCA). It noted that in 2003 the comparator had not fully implemented the pay adjustments required under FEPCA to bring the comparator to pay comparability with the non-federal sector. The actual year-to-year (2002 to 2003) gross increase for Washington, D.C., taking into account both the employment cost index and locality pay adjustment, was 4.27 per cent, effective 1 January 2003.

162. The Commission noted that, on the basis of the approved methodology, the net remuneration margin for 2003 had been estimated at 111.9. It recalled that the General Assembly, in resolution 57/285, had decided to adopt a different base/floor salary scale from the one recommended by the Commission in its twenty-eighth annual report. Consequently, the overall margin had not been restored to its desirable level of 115.

Decision of the Commission

163. The Commission decided to report to the General Assembly the margin forecast of 111.9 between the net remuneration of the United Nations staff in grades P-1 to D-2 in New York and that of the United States federal civil service in Washington, D.C., for the period from 1 January to 31 December 2003. Details of the margin calculation are contained in annex II to the present report.

B. Base/floor salary scale

164. The base/floor salary scale was introduced, with effect from 1 July 1990, following the adoption by the General Assembly of resolution 44/198 of 21 December 1989, which provided for the establishment of a floor net salary level for staff in the Professional and higher categories by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service.

165. The base/floor salary scale provides not only for a minimum level of take-home pay, but also serves as the reference point for two important features of the remuneration system: the mobility and hardship allowance and the scale of separation payments. The base/floor is established by reference to grade P-4/VI (dependency rate) on the United Nations side and grades GS-13/VI and GS-14/VI on the United States side. In the calculation, the weights attributed to the GS-13/VI and GS-14/VI levels are 0.33 and 0.67, respectively.

166. The Commission noted that if it were to follow the procedure it had used since 1995 for adjusting the United Nations base/floor salary scale, on the basis of the movement of United States federal civil service salaries as at 1 January 2003 (in Washington, D.C.), an 8.4 per cent adjustment of the United Nations common system's scale would be necessary in order to keep the base/floor scale in line with the comparator.

167. The Commission also noted that the General Assembly had, on a number of occasions, called attention to the increasing number of duty stations where the post adjustment classification was equal or close to zero and had requested the Commission to review its methodology to ensure that purchasing power equivalence was appropriately reflected. An increase of the base/floor salary scale by 8.4 per

cent would lead to an increased number of duty stations where the post adjustment classification would be equal or close to zero.

168. In its resolution 57/285, the General Assembly had requested the Commission to study the possibility of delinking the mobility and hardship scheme from the base/floor salary scale. The reason for this request was that some members of the Assembly had expressed concern about the overall cost of the scheme and were of the opinion that the allowance should not be increased each time the base/floor salary scale was adjusted.

169. The Commission was presented with two options:

(a) Adjustment of the base/floor salary scale by 8.4 per cent, effective 1 March 2004, on a no-loss/no-gain basis;

(b) Use of the nationwide General Schedule (excluding locality) of the United States federal civil service as the reference point for the United Nations base/floor salary scale and, as a result, maintaining the base/floor salary scale at its current level.

Views of the organizations

170. The representative of the Human Resources Network referred to the historical context in which the base/floor scale was established. She recalled that the base/floor was introduced with effect from 1 July 1990 as part of the ICSC comprehensive review of the conditions of service of the Professional and higher categories. By its resolution 44/198, the General Assembly had responded to the Commission's recommendation in its fifteenth annual report (1989) on the establishment of the base/floor by reference to the corresponding net salary levels of officials in comparable positions at the base city of the comparator civil service. She recalled that the base/floor scale had been established as part of an integrated package in which negative classes of post adjustment were eliminated and that it served as reference point for the mobility and hardship allowance and the scale of separation payments.

171. In May 1990, the Administrative Committee on Coordination had taken a formal position on the level of the base/floor salary scale, stressing the necessity of maintaining the scale with reference to the salary levels of the comparator. At that time the Administrative Committee on Coordination had highlighted that the scale had been introduced with the express understanding of the General Assembly that it would reflect the link with the comparator's equivalent salaries in Washington, D.C. The Consultative Committee on Administrative Questions had emphasized that this link should be maintained through the annual and systematic updating and adjustment of the base/floor salary scale. She noted that since 1990 the base/floor scale had been adjusted annually in the light of changes in the United States federal civil service. She recalled that during 1989 and 1990 there had been only one scale for United States federal civil salaries nationwide; locality pay had been introduced by the comparator civil service only in 1994.

172. It was important to note that the changes introduced as part of the comprehensive review in 1989 were seen as simplifying and regularizing elements of the comparator system. The mobility and hardship allowance, for example, replaced four allowances. She recalled that in arriving at the mobility and hardship

matrix in 1989, the ICSC secretariat had made a comprehensive study of the comparator's emoluments in a number of countries.

173. The Human Resources Network believed that any potential change to the methodology by which the base/floor scale and, in consequence, the mobility/hardship matrix and separation payments scale were adjusted should be put in proper context. She felt that more study was needed before a conclusion could be reached on the proposal in the document.

174. The Human Resources Network agreed that a review of the mobility and hardship scheme was timely after more than 10 years of operation. But such a review must be thorough and robust. For field-based organizations and other organizations that required increased staff mobility to achieve their mandates, this was an extremely important allowance. Therefore, a review must include a survey, inter alia, of the way in which organizations view the impact of the mobility/hardship scheme on their work and on the recruitment and mobility of their staff. The Human Resources Network considered that the matter should be addressed in the context of the Commission's ongoing work on mobility.

Views of the staff representatives

175. The representative of the FICSA noted that his association had serious concerns about the proposal presented to the Commission, with regard to both the process by which it had been developed and its substance. FICSA supported the statement made by the Human Resources Network and noted the importance of viewing the issue in its historical context.

176. In this regard, he noted that the current methodology for establishing and updating the base/floor salary scale had been developed over a period of time through close collaboration and consultation among the representatives of the Member States, the administrations and the staff representatives. This base/floor salary scale had been introduced, with effect from 1 July 1990, following the adoption by the General Assembly of resolution 44/198. At that time, the issue of eliminating negative post adjustment had been carefully considered, and it was fully recognized that eventually, at some duty stations, the post adjustment index might fall below the existing pay index. After careful reflection, it was decided that the positive aspects outweighed the negative ones. The process followed by the Commission and approved by the Assembly was methodical and thorough. Such was not the case in this instance. FICSA would indeed have expected the issue to have been dealt with in a more systematic and transparent way, such as, at the very least, by establishing a tripartite working group to carefully examine the implications of any changes that radically departed from the existing, mutually agreed methodology.

177. FICSA stressed that the base/floor salary scale had been designed to provide for a minimum level of pay and found this an important component of the overall conditions of service of staff in the common system. The erosion of this component would constitute a significant attack on the conditions of service of staff in the Professional and higher categories in the common system. When the base/floor salary scale was introduced, the General Assembly noted that it established a floor net salary level for staff in the Professional and higher categories by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service. FICSA emphasized the importance of ensuring a minimum base salary for all staff at all duty stations linked to the

comparable salary levels at the base city of the comparator civil service, as agreed in 1989-1990.

178. FICSA agreed with the view expressed that the margin was used to review how well the Noblemaire principle was applied. The base/floor salary scale should not be less than that of the base city of the comparator civil service. FICSA felt that the Noblemaire principle was not always allowed the prominence that it warranted in debates on staff remuneration. FICSA consequently strongly supported the option presented in paragraph 169 (a) above.

179. FICSA supported the proposal to carefully review the issue of mobility and hardship at the Commission's fifty-seventh session. FICSA agreed that this should be done taking a holistic view of all allowances, also considering the purpose, impact, cost and common system requirements of the hardship and mobility allowances, as well as the context of the pay and benefits reform.

180. FICSA expressed disappointment that the issue had been dealt with so summarily and with such a limited inclination to debate the issue in the Commission.

181. The representative of CCISUA expressed concern about the proposals before the Commission. He noted that it was important to ensure a minimum base salary for all staff at all duty stations by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service. The Commission should not depart from this practice.

Discussion by the Commission

182. The Commission recalled that, under the existing methodology, it carried out annual reviews of the level of the base/floor salary scale. The base/floor salary scale represented the minimum salary payable to all staff at all duty stations. These reviews usually resulted in the General Assembly increasing the base/floor salary scale and consolidating a number of multiplier points of post adjustment into the base/floor salary scale on a no-loss/no-gain basis. This process was intended to ensure that minimum United Nations salaries were updated to take account of changes in the pay level of the comparator civil service and to ensure sufficient funding of the Tax Equalization Fund. The updating of the base/floor salary was therefore never intended to provide for salary increases.

183. The Commission noted that if the base/floor salary were increased by 8.4 per cent through the consolidation of multiplier points on a no-loss/no-gain basis, staff at duty stations with no or very low post adjustment would receive a real salary increase while staff at duty stations with post adjustment multipliers of 8.4 or higher would remain at the same salary level. The Commission noted that this was no longer a matter of no loss/no gain because staff at some duty stations were actually benefiting from "windfall" increases in their salaries, which affected the purchasing power parity between duty stations.

184. The Commission recalled that when the base/floor salary scale had been established, it had been set by reference to the base salary levels of officials in comparable positions in Washington, D.C. At that time there was only one nationwide (non-locality) pay schedule in the United States of America, which was uniformly applied to all federal civil servants. In 1994, locality-based comparability pay was introduced to reduce the disparity between federal and non-federal pay on a

location-by-location basis. The General Assembly, in its resolution 44/198, had decided that the base/floor scale would be set by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service. However, with the introduction of locality pay in the United States, adjustment of the United Nations base/floor salary scale had consequently been made with reference to the locality pay schedule for Washington, D.C. The Commission noted that the current scale in Washington, D.C. (including locality pay) was approximately 10 per cent higher than the nationwide General Schedule scale.

185. The Commission considered that a possible interim solution to the problem of a growing number of duty stations having no or very low post adjustment was to link the United Nations base/floor salary to the nationwide General Schedule pay scale of the United States. Under this approach, only employment cost index (ECI) increases would be taken into account, which would probably result in more moderate increases. The Commission also noted that by linking the United Nations base/floor scale to the nationwide General Schedule, which is adjusted by reference to the ECI, it would apply a procedure consistent with that applied when the base/floor salary scale had been established in 1989.

186. It was also suggested that in order to address the issue of duty stations having no or very low post adjustment, the level of the base/floor salary scale could be lowered, with the remaining portion of salary provided through the post adjustment system. The Commission indicated that it would examine this approach at a session in 2004.

187. The Commission noted that more information was needed in order for it to determine whether the mobility/hardship scheme should be de-linked. At this stage of its consideration of the issue, the Commission felt that it was possible only to put in place some interim measures and that it would have to study the matter further at its fifty-ninth session. It was noted that, as part of its current review of the pay and benefits system, the modernization and simplification of allowances had been identified for consideration in 2004. It would be appropriate to review the operation of the mobility/hardship scheme at that time. The Commission noted that, during the review of the pay and benefits system, a suggestion had been made for the establishment of recruitment/retention/relocation bonuses. It was suggested that the Commission might wish to examine this issue in the context of the pay and benefits review, in particular with regard to how proposals emanating from that review might affect the operation of the mobility/hardship scheme.

Decisions of the Commission

188. The Commission decided to recommend that the General Assembly revert to the procedure used when the base/floor salary scale had been established, in 1989, and to use the nationwide General Schedule (excluding locality pay) of the United States federal civil service as a reference point for the United Nations base/floor salary scale. The Commission concluded that this recommendation would result in the base/floor scale being maintained at its current level for the time being. The current base/floor salary scale, adopted by the General Assembly in its resolution 57/285 and implemented on 1 January 2003, is provided in annex III to the present document.

189. The Commission requested its secretariat to provide it with more detailed information on the mobility and hardship allowance at its fifty-ninth session in order to study the linkage between the allowance and the base/floor salary scale.

190. The Commission decided to further study the issue of duty stations having no or low post adjustment at its session in early 2004.

C. Linkage between the mobility and hardship allowance and the base/floor salary scale

191. The current mobility and hardship scheme, which went into effect on 1 July 1990, was approved by the General Assembly in its resolution 44/198, as part of the package of measures emanating from the 1989 comprehensive review of conditions of service of staff in the Professional and higher categories. One of the main features of the scheme is the mobility and hardship allowance.

192. In designing the new scheme, the Commission followed the guidance provided by the Assembly in section I of its resolution 43/226 of 21 December 1988, namely, that the entitlements provided by the comparator for non-diplomatic expatriates might be used as a general reference point.

193. Soon after the establishment of the mobility and hardship allowance, the Assembly expressed some concern about the linkage between the allowance and the base/floor salary. In its resolution 46/191 of 20 December 1991, the Assembly requested the Commission to report to it at its forty-seventh session on the operation of the mobility and hardship allowance and the assignment grant, taking into account the views expressed in the Fifth Committee on the matter, in particular on the link between the floor net salary scale and the mobility and hardship allowance. The Commission responded to that request and concluded in its 1992 annual report that: (a) the mobility and hardship scheme was, in general, operating satisfactorily in relation to its stated objectives, and the costs of the scheme appeared to be in line with the levels foreseen at the time of its introduction; (b) in view of the need to monitor the operation of the scheme closely, as well as of the fact that a relatively short time had elapsed since its introduction, the Commission would review its operation again in 1995; (c) in the meantime, it recommended that the existing parameters of the scheme be maintained, including the linkage between the mobility and hardship allowance and the base/floor salary. In its resolution 47/216 of 12 March 1993, the Assembly took note of the conclusions of the Commission and requested the Commission to include in its forthcoming review the adjustment procedure that links the mobility and hardship matrix to revisions of the base/floor salary.

194. A report on the review conducted by the Commission was presented to the Assembly at its fifty-first session. At that time, the Commission found no basis for changing the system and therefore recommended to the General Assembly that the current linkage to the base/floor salary and the current adjustment be retained. In its resolution 51/216 of 18 December 1996, the Assembly requested the Commission to further review the linkage between the base/floor salary scale and the mobility and hardship allowance, taking into account the views expressed by Member States in the Fifth Committee. More recently, in its resolutions 55/223 of 23 December 2000 and 57/285 of 20 December 2002, the Assembly requested the Commission to

review the linkage between the base/floor salary scale and the mobility and hardship allowance.

Views of the organizations

195. The representative of the Human Resources Network recalled that, at the opening of the current session, the Deputy Secretary-General had underscored the importance of the mobility and hardship allowance in organizations' efforts to promote mobility and address problems of recruitment and retention in certain duty stations. He also recalled the manner in which the mobility and hardship scheme had been introduced as part of the 1989/1990 comprehensive review of the conditions of service of staff in the Professional and higher categories. It remained a key factor to the extent that the creation of the mobility and hardship allowance and its linkage to the base/floor salary scale were part of a carefully crafted package that, through the efforts of the Commission and others, had gained the recognition and approval of the Assembly. But one piece of that package was currently being considered, which was not valid; a holistic approach must be retained, as emphasized in the framework for human resources management, which the Commission had adopted in 2000.

196. The representative noted that organizations attached great importance to the mobility and hardship allowance, especially those that were field-based, in helping to meet their operational needs. CEB/HLCM had recently underlined the importance it attached to the maintenance of the current mobility and hardship scheme as a vital support for mobility in general.

197. The representative was grateful to see that an update of the comparison between the United Nations and United States hardship allowances had been provided, which was helpful. The analysis of the issues surrounding the creation of the mobility and hardship scheme and its regular review were well presented and useful for the discussion. However, client surveys of the impact of the mobility and hardship scheme on the work of the organizations, as well as on recruitment and mobility of staff, had still not been carried out. Such surveys were crucial to any discussion of any change to the matrix or any of its constituent elements. Indications showed that the matrix provided a big boost to mobility, and change in that element would have a serious negative impact on morale and mobility itself. Organizations were also concerned that a change to the matrix would have weighty implications for administrative overhead in terms of retooling organizations' information technology systems and adding staff time to administer less transparent arrangements.

198. In the context of the analysis between the United Nations and United States allowances, the organizations felt that the comparison before the Commission was not equitable, and it was evident from the tables presented that, strictly in terms of hardship, there was a large discrepancy in the number of duty stations operating at the highest levels: the United States had 30 per cent of its duty stations at the highest level, while the United Nations had only 4 per cent.

199. The representative of the organizations agreed with the Commission secretariat that the reasons advanced for the linkage with the base/floor salary scale preserved their validity. It was underscored that one of the problems with the former allowances, which the mobility and hardship scheme had replaced, was the irregularity of adjustment periods, which were characterized by long periods of neglect followed by sudden substantial increases. Organizations agreed that that was

one of the main reasons for the United Nations to link the allowance to the base/floor, as did the comparator. The representative recalled that the Commission had concluded in 1996 that there was no technical reason at that time to depart from the current adjustment procedure, which was simple, logical and transparent. Since that remained true, a change to the adjustment procedure should not be contemplated.

200. The representative recalled the agreement reached at the Commission's fifty-sixth session in respect of the base/floor scale. The Commission had decided that to update the base/floor it would revert to the procedure used from 1989 to 1994, adjusting the United Nations base/floor by reference to the United States nationwide scale, which excluded locality pay. That would mean a freeze in the current base/floor scale for at least one year to bring it back to parity with the United States; thus, the mobility/hardship matrix would be frozen for the same period of time.

201. Organizations were aware that the General Assembly had referred to the question of the linkage of the mobility and hardship allowance to the base/floor salary scale on a number of occasions. But it was very telling that the most recent reference, contained in General Assembly resolution 57/285, requested that the issue be reviewed in the context of the review of the pay and benefits system. The part of the review targeting allowances was planned for 2004. Until then, the only option was to maintain the current arrangements, especially in the light of the freeze on the base/floor salary level, which meant no adjustment to the allowance in 2004 nor probably in 2005.

Views of the staff representatives

202. FICSA fully supported the views expressed by the representative of the Human Resources Network. The representative of FICSA noted that, while in the pay-for-performance discussions comparisons had been made with practices in the private sector, the same did not hold true for discussions on the mobility and hardship scheme. Any diminution of the mobility and hardship allowance would contradict the call for enhanced mobility policies in the common system. FICSA strongly supported the maintenance of the link between the mobility and hardship allowance and the base/floor salary scale.

203. The representative also asked whether the Commission had considered reviewing the hardship/mobility schemes of civil services other than that of the United States. FICSA noted that the compensation of private sector employees at hardship duty stations was much more generous than that of United Nations staff.

204. FICSA recalled that when the Commission had considered the introduction of the mobility and hardship scheme and its linkage to the base/floor salary scale, it had attached importance to simplicity and ease of understanding — features that were a keynote of the comprehensive review of the conditions of service of the Professional and higher categories, in accordance with the guidance given by the Assembly. Over the years, one of the aspects most appreciated about the mobility and hardship scheme was its simplicity and transparency of design, which had helped to bolster confidence in the system and facilitate its management. A further rationale for the adjustment mechanism was alignment with the process used by the comparator. FICSA therefore remained convinced that the reasons advanced for the linkage with the base/floor salary scale still retained their validity.

205. FICSA also stressed that the mobility and hardship allowance should be linked to the strategic goals of the organizations and not to cost saving. The representative noted that since the United Nations base/floor salary scale would be updated by reference to the United States nationwide scale, which excluded locality pay, it was likely that increases would be contained. Thus, maintaining the link to the base/floor would contain increases in the allowance, and FICSA therefore strongly supported maintaining the linkage.

206. The representative of CCISUA supported the views expressed by the representatives of the Human Resources Network and FICSA in favour of maintaining the linkage.

Discussion by the Commission

207. The Commission recognized that the mobility and hardship allowance was an important element designed to compensate for service at difficult duty stations and to encourage operational mobility. It was recalled in this connection that both the Assembly and the Commission had agreed in the past that it served as a useful and efficient management tool. At this time, the underlying rationale of the allowance was not being challenged or called into question. The issue in question was that over the years, some Member States had expressed concerns about the scheme's linkage to the base/floor salary scale, which resulted in its automatic adjustment every time the base/floor scale was revised, leading to ever-increasing costs.

208. Some members believed that in order to respond to the above concerns, issues of financial control over the allowance needed to be considered. It was suggested that a comprehensive analysis of the scheme be conducted, as well as analyses of alternative approaches, to take into account both conceptual and technical elements of the matter. While agreeing on the need to address the financial question, some members felt that other factors should also be considered, such as the mobility and rotation policy of the organizations and its effect on career development. The fact that mobility and service at difficult locations constituted part of the employment contract with common system organizations rather than an additional requirement should not be overlooked. It was pointed out that staff of the common system were often required to work at hazardous and dangerous locations, displaying exemplary dedication and sense of duty in their service to the world community. While financial reward was clearly not their sole motivation, it was the responsibility of the Commission to ensure that staff were properly compensated for service at those locations, and some members shared the view that the current arrangement was responding adequately. It might therefore be premature to de-link the scheme from the base/floor salary scale before all other options had been considered and analysed in detail.

209. Most members favoured a holistic approach to the issue in the context of the current review of the pay and benefits system. It was generally felt that a study of alternative approaches to managing the mobility and hardship allowance was needed before the Commission could decide whether its linkage with the base/floor salary scale should be maintained. The study should cover, inter alia, such issues as the financial and budgetary controls of the scheme, the impact of the allowance on operational mobility, and the effectiveness and validity of the various components of the allowance and their relationship to similar comparator entitlements. It was believed that with the results of such a study at hand, and following consultations

with the organizations and staff, the Commission would be in a position to take a final decision on this matter at its fifty-ninth session.

210. The Commission recalled that, at its fifty-sixth session, it had decided to recommend to the Assembly the use of the nationwide General Schedule scale (excluding locality pay) of the United States federal civil service as a reference point for the United Nations base/floor salary scale. That recommendation would result in the base/floor scale being maintained at its current level for the time being. Consequently, the levels of mobility and hardship payments would also remain unchanged.

Decisions of the Commission

211. The Commission requested its secretariat to proceed with a review of the current mobility and hardship allowance and the presentation of alternative approaches to compensation for mobility and hardship in the context of the ongoing review of pay and benefits, and to present its findings to the Commission at its fifty-ninth session.

212. The Commission also decided to report to the Assembly that its recommendation concerning the procedure with regard to the base/floor salary scale would result in payments under the mobility and hardship scheme being maintained at their current levels for the time being. In the meantime, the Commission would continue to keep the matter under close review and would present a final report to the Assembly at its fifty-ninth session with regard to compensating staff at hardship locations and encouraging mobility. At that time it would also report on the linkage between the mobility and hardship allowance and the base/floor salary scale.

D. Post adjustment matters: report of the Advisory Committee on Post Adjustment Questions on its twenty-fifth session

213. The Commission, as part of its ongoing responsibilities under article 11 of its statute, continued to keep under review the operation of the post adjustment system and considered the report of its Advisory Committee on Post Adjustment Questions on the work of its twenty-fifth session. The Commission dealt with a range of technical questions related to the next round of place-to-place surveys expected to take place in 2005, as well as with some other issues. A number of recommendations were submitted in respect of (a) the review of the list of items and specifications that would be used in the next round of place-to-place surveys; (b) the use of duty station-specific housing-type weights; (c) alternative sources of price data; (d) seasonal adjustment of prices; (e) duty station-specific weights for the education component of the post adjustment index; (f) the transparency of data processing; (g) cost-of-living manuals; (h) rules and procedures for reviewing the post adjustment classification and rental subsidy thresholds; (i) the new computerized system for processing cost-of-living survey data; and (j) other business, covering external housing data, including the London congestion charge.

Views of the organizations

214. The representative of the Human Resources Network expressed appreciation for the productive and positive work that had been accomplished during the last session of the Advisory Committee. She congratulated the ICSC secretariat on

improvements in computerization for processing cost-of-living survey data and for the revisions to the cost-of-living manuals. She urged the Commission to support the proposal to hold a meeting of the Advisory Committee in 2004 in order to resolve outstanding technical issues before the commencement of the new round of headquarters surveys, which are expected to commence in 2005.

View of the staff representatives

215. FICSA supported the statement made by the Human Resources Network and also supported the recommendations of the Advisory Committee. The representative of CCISUA associated himself with the views expressed by FICSA.

Discussion by the Commission

216. The Commission reviewed the recommendations of the Advisory Committee and agreed with them. Members of the Commission expressed doubts, however, about the feasibility of including the London congestion charge as a separate item in the calculation of the post adjustment index on the grounds that the charge was not different from bridge, tunnel or highway tolls paid by staff at the base of the system. The Commission noted that conceptually the congestion charge was captured under "transportation costs" and that therefore there was no need for a special treatment of the item.

Decision of the Commission

217. The Commission decided to endorse the recommendations of the Advisory Committee as contained in the report on its twenty-fifth session. The Commission also agreed that the Committee should hold its next meeting in 2004 prior to the next round of headquarters duty stations place-to-place surveys.

Chapter V

Conditions of service of the General Service and other locally recruited categories: methodologies for surveys of best prevailing conditions of employment at headquarters and non-headquarters duty stations

218. The Commission reviewed the headquarters and non-headquarters methodologies for surveys of best prevailing conditions of employment at its fifty-sixth and fifty-seventh sessions on the basis of recommendations of the Working Group established by it for that purpose. The Working Group consisted of four members of the Commission, four members designated by the organizations and two members designated by each staff organization (i.e., CCISUA and FICSA). The ICSC secretariat acted as convener.

A. The methodology for headquarters duty stations

1. Fifty-sixth session

219. The Commission was informed that, generally, the headquarters methodology had functioned adequately and allowed for setting fair and competitive pay for locally recruited staff. At the same time, a number of modifications to the current methodology were proposed with a view to streamlining the survey process and making it more efficient.

220. Employer participation had been by far the most serious problem of the fifth round, and had been exacerbated since the previous round of surveys. Although there could be no universal solution to that problem, a number of steps were being proposed in the context of the current review with a view to ensuring that the feedback from salary surveys that was provided to employers was made more useful to them; that the information that they provided was treated in a responsible and confidential manner; that only data elements that were relevant to the survey results were solicited from them; that the time they spent on participating in the surveys was kept to a minimum; that the data collection techniques used in the survey were the most efficient and least time-consuming; and that their participation in surveys did not create legal or administrative problems.

221. Another group of proposed changes related to streamlining and simplifying the survey process and making it more up to date. Still other revisions were intended to confirm procedures that had been applied successfully in the past but had not been formally reflected in the methodology.

Views of the organizations

222. The representative of the Human Resources Network welcomed the spirit of constructive collaboration in which the Working Group had conducted the methodology review. She thanked the Working Group for the hard work done and expressed the organizations' appreciation for the efforts to make the survey process smoother, more dynamic and efficient. She hoped that the Working Group's recommendations aimed at fine-tuning the methodology would help to better equip it with modern and effective tools to measure local market conditions at various headquarters locations.

223. The Human Resources Network was in general agreement with the positions expressed at the Working Group meeting by the participating organizations and with the changes and amendments to the headquarters methodology proposed by the Working Group.

Views of the staff representatives

224. The representative of CCISUA commended the Working Group and the ICSC secretariat for their work and expressed hope that the Working Group's recommendations would lead to an improved process for the next round of surveys. He felt, however, that some issues should have received more attention, including the fairer application of the Flemming principle in determining remuneration and conditions of employment, a strengthened role of the local salary survey committees (LSSCs) and the quantification of hidden benefits provided by comparators in both the private and the public sector.

225. CCISUA urged the Commission to ensure that the methodology for the next survey round was flexible enough to appropriately accommodate the peculiar circumstances of a given labour market and work environment.

226. The representative of FICSA expressed support for the continued application of the Flemming principle as the basis for determining the conditions of service of General Service and other locally recruited staff. FICSA was generally satisfied with the amount of time and attention that the Working Group had dedicated to the review of the headquarters methodology and with the reflection of FICSA positions in the Working Group report. At the same time, he drew the Commission's attention to the fact that FICSA had expressed a dissenting opinion on a number of issues. He hoped that the Commission would give those issues further consideration.

227. FICSA understood the thrust of some of the proposed measures to encourage better employer participation in surveys, e.g., the reduction of the length of the questionnaire. It disagreed, however, with the Working Group's analysis of the reasons for the problem of employer non-participation and was of the view that some reasons might have been overlooked. In particular, more attention should have been given to the scheduling of surveys so as to avoid periods of peak business or political activities in a given locality, such as the end of a budget cycle or election campaigns.

Discussion by the Commission

228. There was general agreement that the Flemming principle should continue to be used as the underlying principle of the General Service survey methodology and that its current application, whereby both the "best" and the "prevailing" aspects were borne equally in mind, should be maintained. Members also agreed that employer participation had been the major problem of the previous survey round and needed to be addressed.

229. While appreciating the importance of ensuring the confidentiality of data, some members thought that the proposed changes did not place sufficient emphasis on the need to increase the value of the surveys to the participating employers and believed that additional measures should be taken to that end. In that connection, the Commission was informed that confidentiality measures were only part of a number of steps proposed to encourage employers to take part in General Service surveys,

including the improvement of the format in which the feedback data were provided to the employers, maintaining more regular contacts with employers between surveys, the possible use of alternative data collection modalities that were more responsive to employers' needs and the reduction of the length of the survey questionnaire. All those measures were aimed at improving the employer response rate, and it was hoped that their combined effect would have a positive impact on the conduct of future surveys.

Decision of the Commission

230. The Commission agreed that, generally, the headquarters methodology had functioned adequately and allowed for the setting of fair and competitive pay for locally recruited staff. It confirmed the Flemming principle in its current formulation and interpretation as the basic principle of the General Service salary survey methodology.

Specific methodology issues

231. Among the specific methodology issues to consider, the Commission's attention was drawn in particular to the fact that, while it remained desirable, in order to ensure transparency, that all parties be involved in all aspects of the process, data collection represented a technical exercise for obtaining information under a strictly defined pattern. Therefore, a proposal was made that in certain situations, where employers preferred survey approaches that were not necessarily as transparent as those currently applied (such as a one-person interview, a telephone conference or electronic mail exchange), the technical exigencies of the exercise should take precedence over considerations of ensuring transparency.

232. In the light of the serious concerns over data confidentiality raised by an increasing number of employers at various duty stations, and also in view of several breaches of confidentiality recorded in the past, a proposal was made to provide for stricter confidentiality requirements for survey participants. In particular, it was proposed to introduce a written confidentiality pledge for LSSC and survey team members, and to exclude from the survey process any party responsible for releasing survey-related data to a third party and to make that party subject to disciplinary action.

233. It also appeared necessary to consider a number of other steps in order to further encourage employer participation in the surveys, as well as to make the process more efficient. Those steps included, inter alia, the streamlining of the procedure for dealing with controversial issues, the selection of a sufficient number of employers, improving employer feedback and the quality of the survey report, reducing the length of the survey questionnaire, exploring alternative data sources and changing the data collection procedures, and streamlining the interim adjustment procedure.

234. The fifth round of surveys had confirmed that there were major difficulties in applying the general methodology in full to other locally recruited categories, such as security services, trades and crafts, language teachers and public information assistants. Although the Commission had followed the spirit of the Flemming principle, it had to allow for a certain level of flexibility in applying the survey methodology. As these difficulties were likely to continue in the future, the

Commission's guidance was sought with regard to surveying these categories of staff.

235. A proposal was made to review the economic sector representation as contained in annex I of the headquarters methodology and annex II of the non-headquarters methodology. In that connection, the Commission's attention was drawn to the categorization of one of the subsectors of the public/non-profit sector, namely, the subsector of parastatal enterprises.

Views of the organizations

236. The representative of the Human Resources Network stressed that clarity, transparency and confidentiality should underlie the entire process. She suggested that during an initial meeting of survey participants, all operational parameters, including confidentiality requirements, be clearly explained so that there would be no doubts about the ground rules of the exercise. Clear procedures existed in the staff regulations of the organizations to deal with staff misconduct should a breach of confidentiality occur.

237. The representative of the Food and Agriculture Organization of the United Nations (FAO) stressed the need to address the issue of what survey-related data should be considered confidential and believed that the wording was critical. He suggested that such data should be limited to employer-specific information.

238. The representative of WHO recalled that the Working Group had examined the issue in detail and was convinced that the proposed change should be introduced. In her opinion, the confidentiality responsibilities of parties should be expressly defined rather than assumed to be automatic by virtue of their participation in an LSSC or a survey team. She considered that a fairer and more transparent approach that would enable survey participants to be fully aware of their obligations. Caution was suggested in trying to define specifically every breach of confidentiality. On the one hand, the wording of the proposed provision should be broad enough to cover all possible violations, while on the other, care should be taken to avoid too generic language that would unreasonably widen the scope of the provision.

239. With regard to streamlining the interim adjustment procedure, the representative of the United Nations Educational, Scientific and Cultural Organization (UNESCO) indicated that his organization had faced an appeal from staff seeking retrospective application of tax changes introduced in the host country in a situation where the host country announced national tax levels for past periods. He did not consider that the purpose of interim adjustment was to mimic the application of changes in the host country, in terms of both dates and their impact on net salaries, and said that that was only one of the many factors that affected salaries.

240. On the issue of reviewing economic sector representation, the representative of FAO advocated a cautious approach to the review of the economic sector breakdown, since it had been used effectively during the previous round of surveys. He would not favour any change in the categorization without a proper analysis.

241. The representative of the United Nations stressed that the list of economic sectors was an extremely important survey tool. It ensured that the sample of surveyed employers represented a reasonable cross-section of economic sectors, as required by the methodology, and that the breakdown was applied in a consistent

manner at all locations. Any change in that list would have significant implications for all duty stations. She was therefore concerned to see major changes to the list being proposed at the last moment.

Views of the staff representatives

242. FICSA attached particular importance to ensuring equal access for all participants to the survey data. In his view, the lack of transparency could marginalize, if not pre-empt, the role of the staff and LSSCs at large in data collection and job matching, which was the core of the survey process.

243. The representative of FICSA said that although he had participated in a recent headquarters survey both as an LSSC and as a survey team member, he had never been officially informed about the confidentiality concerns raised by employers, nor had he been aware of any breaches of confidentiality in the process. On the contrary, his experience had shown that some employers were proud to participate in surveys. Moreover, in his view, confidentiality commitments applied to survey team members and not to LSSC members. Since the survey team responsibilities were sufficiently covered elsewhere in the methodology, he did not think that the proposed amendment was relevant.

244. While agreeing with the need to safeguard confidentiality, FICSA was of the view that the proposed change ran the risk of overregulating the issue. Coupled with the vagueness of the proposed provision as to what constituted a breach of confidentiality, that could lead to legal problems that would prevent some parties from being full-fledged participants in the survey process. It was suggested that written confidentiality pledges, if introduced, should have a standard form and be annexed to the methodology.

245. FICSA stated that the staff favoured a three-tiered approach to data collection. The traditional on-site interview should remain the primary source of obtaining data from employers. If difficulties with employer participation existed, consideration could be given to conducting telephone interviews or collecting survey information by regular or electronic mail. And where the local law or employer policy prohibited data collection by the above-mentioned means, consideration could be given to exploring alternative modalities. The main concern of the staff, however, was that an excessive emphasis on alternative means could lead to the eventual outsourcing of the entire exercise, to which the staff were opposed.

246. With regard to job matching, FICSA indicated that the staff's original proposal was to exclude from the methodology the reference to matching jobs requiring a university degree. FICSA believed that since the survey comparisons were based primarily on job functions, that reference was unnecessarily limiting the job-matching process.

247. FICSA was also of the view that data on additional employer-specific social security plans and pension schemes should continue to be collected, in accordance with the Flemming principle, even if those benefits had no direct bearing on the survey results. The LSSC was best equipped to determine which local data should be collected.

248. FICSA was opposed to the proposed change in the interim adjustment procedure. He believed that the organizations were well equipped to track local tax changes and to take them into account during interim adjustments. He was also of

the view that the tax adjustment represented a closer reflection of surveyed employer salary movements. As an alternative, he proposed that a trigger point be established for tax movements that would justify an adjustment during the interim.

249. The representative of FICSA pointed out that the economic representation list was an important methodological criterion tested in numerous surveys. It had worked effectively to ensure that a representative sample of employers with balanced representation from the various sectors was used to determine the conditions of service of local common system staff. Since the sector breakdown had worked satisfactorily and without any major problems, he did not see any reason why it needed to be changed.

Discussion by the Commission

250. Most members saw no contradiction between the technical exigencies of the exercise and the need to ensure its transparency. Concern was expressed in that context that the abuse of the proposed change in procedure could result in some parties, especially the staff, being left out of the data collection exercise. There was agreement, however, that the collection of accurate and complete data was the paramount goal of data collection and should not be compromised. It was therefore generally felt that a provision to that effect could be included in the methodology.

251. There was general agreement that a commitment of confidentiality by survey parties was an important prerequisite to the employer agreement to release sensitive information on pay and other conditions of service of employees. That commitment was emphasized in the Chairman's letters inviting employers to participate. Some members thought, however, that the proposed change was too far-reaching and broad in scope and needed to be specified in terms of what data should be considered confidential, what sanctions a breach of confidentiality would entail, etc.

252. Members agreed that the methodology covered both LSSCs and data collectors and that it would nevertheless be useful if LSSC and survey team members were fully aware of their responsibilities, including those relating to confidentiality. It was also pointed out that the current provisions had not prevented breaches of confidentiality in the past and therefore needed to be strengthened and more strictly enforced.

253. Although confidentiality was seen as a central requirement of all surveys, in particular those conducted for the common system, it was important to ensure that it did not obstruct the provision of useful feedback data to the employers.

254. The Commission noted that although under the current methodology the Chairman had delegated authority to decide all issues involved in the preparation phase of surveys, controversial issues needed to be referred to the full Commission. Although the methodology did not expressly specify who determined whether issues at hand were controversial, members agreed that implicitly that responsibility was entrusted to the Chairman. To achieve more clarity, it was considered useful to include an indication to that effect in the revised text.

255. It was generally felt that employers should more actively be encouraged to participate in the surveys. In this regard, some members believed that a more proactive approach should be taken in order to achieve that goal. It was agreed, in particular, that the methodology should reflect more explicitly the need to increase

the usefulness of information provided to employers as survey feedback, as well as to remain in contact with survey comparators between surveys.

256. The Commission noted that, in certain cases, the recruitment criteria for a job differed from the classification criteria for the same job. Although recruitment criteria could include some additional requirements that might be desirable for filling a specific post, the classification criteria listed the minimum essential requirements for the performance of the job. It was stressed that job matching focused on the latter, i.e., the typical minimum requirements for the job.

257. In order to facilitate employer participation in surveys, the Commission considered that the survey questionnaire should be streamlined and provide employers with the flexibility to respond only to essential questions.

258. Members considered it not only possible but desirable to explore alternative data collection modalities where these could facilitate the participation of employers or improve the quality of the survey data.

259. The Commission was informed it was not the intention of the secretariat to change the approach to matching the jobs in question. If those jobs were held by staff who, like the senior General Service staff, had reached their level of responsibility on the basis of extensive experience and knowledge, such matches would continue to be accepted. Conversely, if the post were held by university graduates in trainee positions, the matches would continue to be disallowed. Some members stressed that the proposed change in the wording of the paragraph did not change the procedure but was rather an attempt to articulate more concisely the same idea. Other members, however, feared that the proposal could create some confusion as regards its interpretation and did not favour its revision.

260. On the interim adjustment procedure, it was recalled that the issue had been discussed at length by the Working Group. The view was expressed that with the mechanism in place, the salaries of common system General Service staff at headquarters, even without an adjustment for tax changes, appeared to move generally in line with outside employer salaries. It was further recalled that all tax changes were taken fully into account at the time of comprehensive surveys. Accordingly, it was generally felt that the exclusion of the tax adjustment was justified since it would simplify the system without any significant effect on the remuneration levels of staff.

261. The Commission noted that the fifth round of surveys had confirmed that there were major difficulties in applying the general methodology in full to other locally recruited categories. In every case, the Commission had had to approve special procedures with regard to those categories of staff to allow for flexible application of the methodology. Since these situations were likely to recur in the future, members generally agreed that in order to ensure consistent application of those procedures they should be reflected in the methodology as a separate section. The surveys would then be part of the regular approval pattern used with regard to the General Service surveys.

262. Several members proposed the exclusion of tobacco manufacturers from the list, given the harmful effect of smoking on human health and the fact that an anti-tobacco convention had been adopted by the United Nations. Others were of the view, however, that tobacco companies were often among the most competitive employers and that consequently their exclusion would contravene the Flemming

principle. Since the survey was a technical exercise, most members did not consider it appropriate to exclude from the analysis employers that were deemed among the best, irrespective of their type of activities, provided of course that their presence and operation in the locality were legal. At the same time, it was felt that, since the subdivisions under "Manufacturing" were of a more indicative nature, a miscellaneous category under that subsector could be created into which tobacco manufacturers, as well as other manufacturers not covered by the current categories, could be moved. In that case, the methodological requirement relating to the economic sector representation would remain intact.

263. Although several members supported the proposal to change the sector breakdown to commercial/non-commercial sectors, it was generally believed that the proposed change would mean a significant change of the current breakdown. It was pointed out that some public employers could be involved in commercial activities, even if such activities were not their primary focus. As a result, the whole composition of the sample would have to be changed, which would in turn affect the balance of the employer sample. The view was also expressed that the footnote incorporated in the list of economic sectors helped to provide clarification and guidance for placing employers in the appropriate economic sector. It was also recalled that the current economic sector breakdown had been used to the satisfaction of the Commission in the last round of headquarters salary surveys and had not caused any major problems. It was therefore suggested that the current list remain essentially unchanged. However, the term "enterprises" could be changed to the term "organizations" if some members thought that it would be more descriptive of the nature of the activities that the employers from that sector represented.

264. One member insisted that parastatal enterprises were out of place in the public/non-profit sector, since none of the other subsectors in that sector included employers that were involved in profit-generating activities. Yet the footnote to the list permitted an employer that would normally fall under private-sector categorization to be listed under parastatal organizations of the public/non-profit sector, irrespective of its nature of activities, provided, inter alia, that that employer was under government control or had the national Government as a major stockholder. The apparent intent of the list, however, was to divide the local market into commercial and non-commercial sectors, since it was the nature of activities and not the form of ownership that determined the market placement of an employer and was the main factor in setting the conditions of service of employees. He believed that the footnote to the list was misleading and legally incorrect. He therefore suggested that the footnote be deleted and that the public/non-profit sector include only institutions of a non-commercial nature, such as the national civil service, non-governmental organizations and public educational institutions. Despite the explanations provided, the member was not convinced that the current sector breakdown was justified. He therefore could not join the consensus on maintaining the list of economic representation for both methodologies.

Decisions of the Commission

265. The Commission decided to introduce a standard written confidentiality pledge, which would be annexed to the methodology and would replace automatic assumption of this responsibility. It also agreed to specify in the methodology that:

(a) A breach of the confidentiality, such as divulging any employer-specific survey-related data to a party outside the ICSC secretariat, the LSSC and data collectors, could lead to a major disruption of all surveys and should be considered sufficient reason for the replacement of the individual responsible in the survey process and for that individual to be subject to established disciplinary procedures;

(b) Once the survey was completed, the parties may use only information that becomes public through the survey documentation submitted to, and the report adopted by, the Commission. Moreover, contacts with participating employers aimed at seeking additional information and/or clarifying data collected must be authorized by the Chairman of ICSC. That provision should not compromise the need to communicate useful results of the survey to the employers;

(c) The members of the LSSC should be advised that employer-specific survey-related data obtained as a result of their participation in the survey must be kept confidential and cannot be divulged other than to the ICSC secretariat and other members of the Committee. Once the survey is completed, they may make use only of information that becomes public through the survey documentation submitted to, and the report adopted by, the Commission. Acceptance of the appointment means acceptance of those conditions.

266. In order to further encourage employer participation, the Commission decided that:

(a) Contacts with employers through designated members of LSSC should also be maintained between surveys in order to facilitate their participation in future surveys;

(b) The secretariat should obtain employer feedback and continually strive to enhance the survey report to provide data in a format useful to the employers;

(c) The survey questionnaire should be reduced in length and limited only to essential questions; in addition, an optional set of questions through which data could be collected from employers willing to provide such data could be used;

(d) Alternative data collection techniques, such as teleconferencing, electronic communication exchanges and telephone interviews, could be used under certain circumstances; where local conditions made it difficult to obtain data required for survey purposes, alternative procedures, such as the use of external data or commissioning the data collection to outside independent consultants, could be authorized by the Chairman, in consultation with LSSC.

267. The Commission decided on a number of other revisions with a view to formalizing and ensuring consistent application of procedures that had been followed in practice but had not been previously covered by the methodology. It decided, in particular, that:

(a) Where more than one salary scale was in effect for the same category of staff, overall weighted averages per grade combining the scales should be calculated;

(b) With respect to other locally recruited categories, such as security services, trades and crafts, language teachers and public information assistants, for which it was particularly difficult to identify suitable comparators, the Chairman may authorize the use of modified survey procedures, such as applying the General

Service survey results to these categories or allowing certain departures from the current methodology, including the use of fewer than the required number of employers and jobs and the use of weighted averages to determine outside matching salaries.

268. Some further revisions were also approved, aimed at streamlining the survey process. They related, inter alia, to clearer guidelines for dealing with controversial issues, preparation of job descriptions, meeting the survey deadlines and job matching.

269. The Commission also decided to maintain the current list of economic sectors to be used for survey purposes, except for the subsector "Parastatal enterprises" which would be renamed "Parastatal organizations".

2. Fifty-seventh session

270. At its fifty-seventh session, the Commission was presented with a document by its secretariat that reflected all the decisions taken by the Commission with regard to the review of the methodology and incorporated all the changes made to the text of the methodology as a result of those decisions. Although the review had been substantially completed at previous sessions, there were two outstanding issues that the Commission had to address, namely, the confidentiality pledge letter and the schedule for the sixth round of headquarters surveys. In connection with the latter, the Commission was informed that, following consultations with interested organizations, the schedule originally proposed had been revised in order to take into account their concerns to the extent possible.

Views of the organizations

271. The representative of the Human Resources Network recalled the organizations' commitment to a fair and transparent process and the importance they attached to accountability in that process, and therefore to the delineation in the manual of the responsibilities and rights of all parties in the process. Organizations were equally concerned about the protection of those responsibilities and rights and therefore were committed to the principle of confidentiality.

272. The representative of FAO, while recognizing the need to safeguard the confidentiality of data and supporting the introduction of the confidentiality pledge, suggested that the legal rights of survey participants under the applicable rules and regulations should also be protected.

Views of the staff representatives

273. The representative of CCISUA drew the attention of the Commission to the joint note by FICSA and CCISUA relating to the review of the headquarters methodology. She stated that CCISUA had received letters sent by staff associations to their local administrations in which concerns were voiced regarding mainly the issue of the confidentiality pledge. Staff representatives felt that they would not be able to inform their constituencies on the progress of the survey. There was a need for staff representatives to report to their constituencies, to which they were accountable. CCISUA was of the view that the pledge should be balanced by the confirmation of the rights of staff and staff representatives.

274. The representative of FICSA supported the statement by CCISUA. He indicated that staff had repeatedly expressed concern that the pledge might unduly limit the freedom of staff representatives to exercise their rights, including legal rights. At the same time, the need to ensure the confidentiality of employer-specific salary data had been widely recognized as a fundamental element needed to secure the maximum possible participation of selected comparator employers. Therefore, FICSA and CCISUA would agree to the inclusion of the confidentiality pledge in the headquarters methodology subject to confirmation of legal rights.

275. With regard to the schedule for the sixth round of General Service salary surveys at headquarters locations, the FICSA representatives recalled the request of the Rome-based organizations to reschedule the Rome survey, as the proposed dates coincided with a political election in Italy. Although they preferred postponing the survey by one year, the staff would accept the conduct of data collection six months ahead of the original schedule, taking into account the Commission's work programme.

Discussion by the Commission

276. There was general support among members for the text of the confidentiality pledge letter. Several members suggested that the text be adopted as proposed. The Commission noted the opinion of the ICSC legal adviser that salary surveys at headquarters duty stations were the sole and exclusive responsibility of ICSC. It followed that the Commission, in exercising that responsibility, could decide freely on the composition of its salary survey teams and the conditions to be imposed on members of survey teams, who in that capacity would be agents of ICSC and not representatives of any organ, association or body external to ICSC. It was also pointed out that no new ideas relating to safeguarding confidentiality were being introduced by the letter, since confidentiality requirements had always been part of the survey process.

277. With regard to the staff representatives' proposal, the view was expressed that although the rights of the survey participants were not being questioned, invoking them in the context of a confidentiality pledge letter would not be appropriate. It was important to understand that, irrespective of their status, survey participants would be bound by the confidentiality pledge that they signed in that they would not be allowed to divulge employer-specific survey-related data or judgemental statements relating to that data to any party outside ICSC, its secretariat, the survey team or LSSC. In addition, any survey participant was covered by the rules and regulations of his or her respective organization. On the basis of that understanding, the members agreed that a reference to those rules and regulations could be included in the confidentiality pledge letter.

278. The Commission noted the proposed revisions to the schedule for the sixth round of the headquarters General Service surveys, in particular the provisional inclusion of Madrid in the list of headquarters locations of the common system, subject to the finalization of the conversion of the World Tourism Organization into a specialized agency of the United Nations with the expected adoption of a relationship agreement by the General Assemblies of the two organizations.

Decision of the Commission

279. The Commission decided to:

(a) Approve, with effect from 1 January 2004, the revised methodology for conducting surveys of the best prevailing conditions of employment at headquarters duty stations as presented by the secretariat;

(b) Adopt the confidentiality pledge letter, as amended, to be annexed to the methodology;

(c) Approve the schedule for the sixth round of headquarters surveys, as follows:

Duty station	*Last survey date*	*Pre-survey consultations*	*Pre-survey document to Chairman*	*Survey date*	*Survey to Commission*
Madrid		Autumn 2003	Spring 2004	April/May 2004	Summer 2004
Paris	April 1999	Spring 2004	Autumn 2004	Oct./Nov. 2004	Spring 2005
Montreal	November 1999	Autumn 2004	Spring 2005	April/May 2005	Summer 2005
New York	May 2000	Spring 2005	Autumn 2005	Oct./Nov. 2005	Spring 2006
Rome	October 2000	Spring 2005	Autumn 2005	Oct./Nov. 2005	Spring 2006
London	October 2001	Spring 2006	Autumn 2006	Oct./Nov. 2006	Spring 2007
Geneva	January 2002	Autumn 2006	Spring 2007	April/May 2007	Summer 2007
Vienna	April 2002	Spring 2007	Autumn 2007	Oct./Nov. 2007	Spring 2008

B. The methodology for non-headquarters duty stations

1. Fifty-sixth session

280. The Commission was informed that, on the whole, the non-headquarters methodology had functioned well since it had last been reviewed in 1997. By creating categories of duty stations, which was the main result of the last review, the need had been recognized for a graduated and refined approach in defining a valid labour market sample across the very wide range of economies covered by the non-headquarters methodology. The current review represented a further refinement that would improve the validity of the Flemming principle in its application. The major proposed changes covered such areas as the differentiation of labour markets and, in particular, the revision of the categorization of duty stations; the representation of economic sectors, including, increasing the representation of the public sector from 25 to 33 per cent of the employer sample; and the introduction of alternative methods of data collection with a view to improving employer participation. A number of other changes had also been proposed in order to make the survey process more efficient.

General considerations

Views of the organizations

281. The representative of the Human Resources Network appreciated the constructive spirit in which the Working Group approached the methodology review. She welcomed the Working Group's efforts to fine-tune the methodology in order to take into account the evolution of labour markets and technological advances. The organizations generally supported the Working Group's proposals and hoped that the recommended changes would help ensure that the conditions of service of General Service and other locally recruited staff were set at competitive levels and managed in a cost-effective manner.

282. The Network supported the new categorization of the duty stations, as well as the proposals to define more clearly the public/non-profit sector of the employer sample and to use alternative data-collection methods. She believed that as a result of the review the non-headquarters methodology would become more up to date, user-friendly and precise. At the same time, efforts should be made to ensure that the methodology did not become overly complex.

Views of the staff representatives

283. The representative of FICSA indicated that his Federation had had to prepare for the Working Group meeting in the absence of any documentation or information on the revision, owing to its late submission. It was therefore extremely difficult to work out position papers, considering that the staff views had to be channelled from 164 field and seven headquarters duty stations. FICSA was extremely concerned and uncomfortable about the "last-minute approach to documents distribution", which was again being applied in the current session, in the distribution of textual changes to the field methodology. Taking into account that the Working Group had produced only conceptual indications, an accurate evaluation of how such concepts had been translated into actual texts on such short notice was simply impossible.

284. FICSA was fully aware that the representatives of some influential Member States had raised questions about the General Service salaries being too high. The application of the Flemming principle, however, required the organizations to be able to recruit and retain staff who were among the best available in a given locality, in line with the mandate of Article 101 of the Charter of the United Nations.

285. FICSA was ready to share information and work together with the Commission towards a sound revision of the methodology that could eventually satisfy the members of the Fifth Committee. As that, obviously, could not be done overnight, FICSA formally requested that the final approval of the revised methodology be deferred until the Commission's session in July 2003. The representative of CCISUA supported that request. In the meantime, FICSA was hoping to produce a revised proposal that could be approved by the Commission in a very short time. He stressed that in dealing with human resources issues, it was highly preferable to reach mutual understanding and acceptance, instead of enforcing policy measures. That would help build a climate of mutual trust among the parties concerned.

Discussion by the Commission

286. The Commission first considered the request by the staff representatives to reschedule the item to a later session. It was pointed out in that regard that the various elements of the methodology had been discussed in detail in the Working Group, after which all interested parties had had ample time to study its recommendations and formulate their positions. The Working Group meeting had proceeded at a reasonable pace and had provided to all participants, including the staff representatives, the opportunity to express their views in an unhurried manner.

287. The role of the Working Group was precisely to facilitate the discussions among the Commission's interlocutors. Moreover, the changes proposed to the methodology could not be seen as a major revamping of the system but rather as a fine-tuning exercise. In addition, the heavy agenda of the Commission's next session also needed to be taken into account. In view of the fact that the new methodology had to come into effect as from 1 January 2004, the rescheduling of the item to 2004 would not be an option.

Decision of the Commission

288. For the foregoing reasons, the Commission, while sympathizing with staff concerns, was not in favour of deferring the issue to a later session.

Differentiation of labour markets

289. The Commission reviewed a recommendation to restructure the way local labour markets were differentiated under the current methodology. The essential recommendation was to move from the current three levels to a four-level categorization.

Views of the organizations

290. The representative of the United Nations Development Programme (UNDP) indicated that the proposal to refine the country grouping had been prompted by the experience gained in field salary surveys during the last round. It reflected the need to take better account of the varying degrees of sophistication of local labour markets.

291. After an analysis of the availability and robustness of the local employer samples, a revised categorization of duty stations was being proposed, whereby four categories of countries would be established, with 15, 10, 7 and 5 employers, respectively, retained in the survey analysis. The revised grouping was based on a number of set criteria and ratings and also took into account the cost-effectiveness of conducting surveys at locations with very small numbers of staff. For example, the creation of a 10-employer retention category recognized that some duty stations, where the retention criterion was set at 12 employers, did not have sufficiently robust economies to sustain a sample of that size. Similarly, there were a number of duty stations where only seven employers were currently retained; those duty stations, while small in terms of numbers of common system staff, had economies that were clearly more sophisticated than the typical profile anticipated for seven-employer retention.

292. The representative of the United Nations supported the proposed categorization, which reflected more accurately the differences in the local market

situations at field locations. She believed it was a welcome fine-tuning of the methodology and that the proposed categorization produced a fairer result and attempted to respond to the concerns of various parties.

293. The representative of WHO recalled that during the Working Group meeting, WHO had expressed reservations — which still lingered somewhat — about the creation of the additional employer category in view of the need to keep the methodology as simple as possible. Recognizing, however, that the proposed change had the potential for better differentiation of the degree of sophistication of various labour markets, WHO was prepared to go along with the proposal provided that considerations of transparency and simplicity would continue to be borne in mind. She also noted that the country groupings were not cast in stone. In case a recategorization of a specific location appeared to be necessary, the methodology provided for a formal review mechanism that could be used for this purpose. In particular, the Chairman was authorized to deal with this issue on behalf of the Commission at the request of the organizations.

Views of the staff representatives

294. The representative of FICSA doubted the equity and soundness of the proposed country groupings and noted the absence of any supporting documentation on the issue. He also expressed concern about the proposed inclusion of countries with completely different levels of economic development and market conditions in one category. FICSA considered it unacceptable to base the country categorization on the number of national staff employed by the common system in the locality because surveys were intended to capture the best prevailing conditions at the locality irrespective of the number of staff employed. It was also obvious that the increase in the number of the employers retained would affect the quality of the employer sample, in that less competitive employers would have to be included in order to comply with the new requirement.

295. The lack of clarity as to how the criteria had been applied made it difficult for the staff to understand or accept them. FICSA had explored a different approach to country grouping, based mainly on the World Bank classification of economies by income and region, and presented an alternative categorization of duty stations, also endorsed subsequently by CCISUA, to the Commission in a conference room paper. While it might not be a perfect solution, he hoped the Commission would examine the FICSA listing and would revise the proposed categorization for its adoption at the following session.

296. The representative of CCISUA confirmed his position, expressed at the Working Group meeting, that the 12-employer retention category should be maintained.

Discussion by the Commission

297. Most members welcomed the proposed revision of the categorization of duty stations. The view was expressed that the more employers surveyed, the better the reflection of local conditions in the survey results. That was in full conformity with the Flemming principle, which provided for a reference to the best prevailing conditions of employment and not to the best of the best. It was noted that since the 1997 review, the principle of country grouping had worked well. It was also recalled that at the time of the introduction of the country categories in 1997, the intent had

been to test them over time and to introduce changes and revisions, as necessary, on the basis of the experience gained. The review was an opportune time to make such adjustments.

298. Some doubts were expressed, however, about the placement of certain specific countries under the revised categorization. In that connection, the Commission was informed that the placement of a country in one of the four categories was the result of a combination of several factors. While the primary aim was to assess the degree of dynamism of the labour market, other factors, including recent upheavals in the country and investment climate, were also taken into account. One also needed to be practical in the application of the criteria to local United Nations communities of various sizes. Thus, two countries with similar economic and market conditions could be placed in different categories if, for example, the number of common system staff in one of them was below the newly proposed threshold of 30, while the other country had a sizeable United Nations population. Conversely, two countries with different economic conditions might be grouped in the same category if they ranked similarly against the categorization criteria — for example, if they both had a significant multinational employer presence and no restrictions on investment, if the local currencies had the same convertibility status and if neither country had suffered any recent upheavals. The Commission noted that under the methodology, countries were grouped for the purposes of General Service surveys, i.e., in terms of the size and availability of the employer community, rather than in terms of economic indicators as proposed by staff. The updated country-specific information to which criteria were applied had been collected and verified during each survey by LSSCs, salary survey specialists of the designated agencies and the Headquarters Steering Committee.

299. It was pointed out that no significant changes to the categorization criteria were being proposed. Those criteria had been tested in hundreds of surveys and had not raised any serious concerns. The new element was the reduction of the weighting of the number of the United Nations staff. That reduction should be welcomed by the staff, since they did not consider that factor relevant. It was noted at the same time that although the weighting of the United Nations population in the categorization process was being reduced, some reflection of that factor remained necessary in order to determine the cost-effectiveness of conducting surveys in locations with a very limited United Nations presence.

300. As regards specific country placements, it was generally felt that the Commission should focus on the general criteria of the methodology, while leaving the specific placement questions to the decision of the Chairman, who had been delegated such authority. In that connection, a proposal was made that the Commission should decide, as necessary, on the various elements of the application of the methodology at different duty stations. Most members believed, however, that day-to-day issues would best be handled by the Chairman, under the authority delegated to him by the Commission and under the procedures set by the methodology, while the full Commission should deal with general matters, such as setting and reviewing the methodologies and harmonizing them, as appropriate. It was stressed that once revised, the methodology should stay unchanged throughout the survey round to ensure its consistent application at all locations surveyed during its application.

301. It was also noted that under the methodology, the Chairman had been delegated authority to review the categorization of countries at the request of the organizations. Some members believed in that regard that staff should also be consulted on the matter. Other members pointed out that such consultations had already been provided for through the mechanism of LSSCs, which included representatives of organizations and staff. Should the issue of reclassification of a country be raised in LSSCs, the lead organizations, after consultations among themselves under the auspices of the Headquarters Steering Committee, could bring the matter, as necessary, to the attention of the Chairman of the Commission. It was felt that that procedure covered the foregoing concern. At the same time, the view was expressed that the role and functions of the Headquarters Steering Committee should be officially defined in the methodology.

Decision of the Commission

302. The Commission approved the following revised categorization of non-headquarters duty stations:

Category I	Duty stations where 15 employers are retained for the final analysis
Category II	Duty stations where 10 employers are retained for the final analysis
Category III	Duty stations where 7 employers are retained for the final analysis
Category IV	Duty stations where 5 employers are retained for the final analysis.

303. The Commission also approved the list of duty stations under the revised categories, which would be annexed to the methodology.

Representation of economic sectors

304. Under the methodology, the employers surveyed should represent a reasonable cross-section of competitive economic sectors, as well as the public service or parastatal institutions, and, where possible, should include the national civil service. In some countries, however, the selection criteria, such as the need for structured pay and classification policies, had not been met with regard to the public service or relevant information was difficult to obtain. In those cases where it was not possible to include the national civil service among the employers retained, the proposal was made to raise the public/non-profit sector to a minimum of 33 per cent of the employers retained. The remaining 67 per cent would then constitute comparators from the private sector, but, as under the current methodology, not more than 25 per cent would be from the same subsector of the private sector.

Views of the organizations

305. The representative of the Human Resources Network supported the proposal to define more clearly the public/non-profit sector of the employer sample.

306. The representative of the United Nations also indicated that the experience of the previous surveys had shown that some employers from the public sector,

especially those representing parastatal institutions, were often among the best employers retained in the sample.

Views of the staff representatives

307. The representative of FICSA expressed the view that the proposed increase in the share of public sector employers in the sample clearly presented a problem. He also believed that some national civil services that were not among the best employers and were not transparent should not be included in the analysis. In that context, he referred to a recent document of the Economic and Social Council that described a poor state of affairs in the public sector of various countries, including staffing and recruitment problems. In his view, there was a clear contradiction between that assessment, which he considered an official United Nations position, and the proposal to increase the share of employers from that sector in surveys to determine the best prevailing local conditions. He also recalled that the Working Group had been presented with data showing that 44 per cent of the employers retained in non-headquarters surveys had been from the public sector. However, as no breakdown by country or by subsector had been provided, it was not easy to judge the relevance of those data.

Discussion by the Commission

308. The Commission noted that, for the purposes of General Service surveys, the definition of the public sector was much broader than the one that other bodies might use. Under the survey methodology, the public sector included embassies, international organizations and parastatal institutions. The experience of both headquarters and non-headquarters surveys had clearly shown that employers from those subsectors of the public sector were among the more competitive United Nations system comparators. It was also noted by some members that studies on other economic sectors using various definitions mentioned during the discussion, which were prepared for other United Nations organs, had nothing to do with the question of best prevailing conditions of employment. They might deal with entirely different problems and use totally different sets of definitions and were therefore not relevant to the discussion.

309. Some concerns were expressed about the possible exclusion of national civil services from the employer sample. It was noted that in most countries the national civil service had clear-cut and transparent pay and human resources policies, and that information on those civil services was readily available. Therefore, it was proposed that national civil services should remain part of the sample. The Commission noted that the non-headquarters methodology covered a wide variety of countries. In some cases, the national services did not have salary or job structures that would lend themselves easily to comparison with the common system. Other services used ad hoc structures and human resource management procedures that would also exclude the possibility of a valid and meaningful comparison. It was in those cases, i.e., when the survey requirements were not met, that national civil services would be excluded.

310. Another issue raised related to the inclusion in the public/non-profit sector of employers from parastatal enterprises. The term "enterprise" itself meant that those employers might be engaged in commercial, profit-generating activities. It was therefore suggested that such employers be excluded as not representative of the

non-profit sector and that the definition of parastatals be changed from "enterprises" to "organizations". The point was made, however, that the law did allow public employers to be enterprises (e.g., public transport) and to conduct profit-making activities even if such activities might not be their primary focus. The term "enterprise" had been used throughout the previous round of surveys and had not caused any difficulties. However, for the sake of clarity, that term could be changed to "organizations" if members thought it would be more in keeping with the nature of the non-profit activities that the employers from that sector should represent.

Decisions of the Commission

311. The Commission decided that the national civil service employers would be included in survey analysis and retention when it was found that they met the methodology requirements. When that was not possible, the representation of the public/non-profit sector would be increased from 25 to 33 per cent of the employers retained.

312. The Commission also decided that the term "parastatal organizations" (instead of "parastatal enterprises") should be used in annex II to the methodology, showing economic sector representation in General Service salary surveys.

Alternative methods of data collection

313. While the members of the Commission and representatives of the organizations participating in the Working Group had agreed with the proposal to use alternative methods of data collection, representatives of staff associations had maintained that data collection should be done through on-site interviews by a data-collection team, but that under certain circumstances LSSCs could decide to use alternative methods if that was deemed useful or necessary.

Views of the organizations

314. The Human Resources Network, in an earlier statement, had supported the use of alternative data-collection methods.

315. The representative of UNDP said that the Flemming principle rested on the capacity of organizations actually to collect relevant market information from leading employers. To ensure that it was possible continually and consistently to secure the participation of leading employers, it was necessary for the organizations to engage employers more proactively and at both the local and corporate levels. For many employers, it was simply easier and more conducive to consistency to provide data from headquarters or regional centres. For some employers, it was a matter of where the best data existed and of corporate confidentiality regarding who had authority to release such data. That built on a practice that had long been used in data collection but would now become more systematic. It made collection more efficient and ensured the participation of the broadest number of leading employers.

316. The representative of UNDP added that with technological advances, alternative information collection techniques were increasingly used in various areas. For example, telephone recruitment interviews, videoconferencing, teleconferencing and electronic mail exchanges had become regular features of human resource management activities. The goal of the data collection was to get the best data by the most efficient means, which was not always guaranteed by

on-site interviews. Coupled with the continued obligation to share all survey data with LSSCs, the use of alternative data-collection methods helped to make surveys more efficient and cost-effective and to secure the broadest possible participation of employers while preserving the transparency of the process.

317. The representative of the United Nations said that on-site interviews would continue to be used as the primary data-collection method. In certain cases, however — for example, in small, isolated duty stations — alternative interview techniques could prove to be an easier, more cost-effective and, sometimes, the only possible way to obtain data. It was in those circumstances that such means as remote telephone interviews, supported, as necessary, by electronic mail or facsimile communication exchanges, might be desirable or necessary.

318. The representative of WHO stressed that alternative data-collection methods would not replace traditional on-site interviews but rather would complement them when necessary. She believed that the revised methodology should reflect this by indicating that remote data-collection modalities would be applied judiciously.

Views of the staff representatives

319. The representative of FICSA said that under normal circumstances, the use of alternative methods of data collection was not desirable to the staff. He expressed concern that the use of alternative data-collection techniques could eventually lead to the outsourcing of the entire exercise. He believed that the proposed change seriously diminished the staff and LSSC role in the process and negatively affected the transparency of the exercise. FICSA was therefore opposed to that radical change in procedure.

320. Data collection was not merely a collection of numbers. It provided an opportunity to understand better the job content in the matching process and to receive first-hand information on the employers' conditions of service. It could also be a useful on-site training tool and could help establish and maintain contacts with the surveyed employers. All that would be lost if on-site interviews were to be replaced by alternative data-collection techniques. He also pointed out that the staff already suffered from lack of transparency during data analysis. In that connection, he recalled that although LSSCs received the survey databases, they were not provided with the survey computer program. That ruled out the possibility of checking the validity of the calculations. FICSA insisted that the computer program be provided to them to allow independent analysis of the survey data.

321. With regard to ensuring the cost-effectiveness of the process, FICSA suggested that the Commission might wish to consider delegating the entire survey process to the local committees. That would obviate the need to send a headquarters survey specialist to the locality, thereby reducing the cost of the operation.

Discussion by the Commission

322. It was noted that the proposed change constituted a recognition of what had already been done. In a number of cases, remote surveying techniques had successfully been used to obtain the broadest possible employer participation, especially when employers could not or preferred not to receive a survey team but were ready to provide the survey data by other means. Some expressed a cautious attitude towards the replacement of the standard survey techniques with alternative

modalities. In the view of those members, on-site interviews should remain the primary means of collecting survey data, as they were the best way to respect confidentiality and ensure employer cooperation. Problems might also arise when local employers were bypassed and information was instead sought at headquarters or regional offices. While agreeing on the need to apply traditional data-collection methods where it was possible and expedient to do so, other members pointed to the growing use of remote techniques in various spheres of everyday life. It was felt that the modern survey procedures should take account of that trend.

323. It was also pointed out that many employers, especially multinational enterprises, had centralized their human resources and payroll functions. It was therefore not necessary to go to the field when the most accurate job and pay information was available at regional offices or at headquarters. In those cases, engaging the employers at corporate levels was clearly a preferred and the most effective option.

324. It was generally agreed that data collection was a laborious exercise whose primary goal was to obtain the most accurate and complete data. The means for achieving that goal could vary depending on the operational structure and exigencies of comparators. Traditional survey procedures could therefore be supplemented by alternative modalities when necessary.

325. Members did not support the proposal to delegate the conduct of surveys entirely to LSSCs. They considered that the process should continue to be led by headquarters salary survey specialists who were trained and experienced in survey matters, ensured consistent application of the methodology across duty stations and had no vested interests in the results of the survey.

Decision of the Commission

326. The Commission agreed that alternative data-collection techniques could be used in the survey process. Those techniques should be used judiciously and when necessary to ensure the best possible employer participation and to obtain the most accurate and complete survey data.

Other issues

327. With regard to other issues, the Commission decided:

(a) That the month in which data collection started should continue to be the reference month for determining the effective date of the salary survey;

(b) That the current method of conducting interim survey reviews should be maintained, that interim revisions should be based on the conduct of mini-surveys and that the hiring rate or the employers' minimum salaries should continue to be used as the basis for measuring labour market movement;

(c) That the current list of benchmark job descriptions continued to provide an adequate basis against which job matches with comparator employers could be established and that it should be retained;

(d) That, for employers for which global patterns in job matching had been established, single-incumbent job matches in the comparator employer with survey benchmark jobs should be allowed.

2. Fifty-seventh session

328. At its fifty-seventh session, the Commission was presented with a document by its secretariat containing the revised text of the non-headquarters methodology resulting from the Commission's decisions on the review. In compiling that text, the secretariat had used the revised text circulated at the previous session, which it had amended on the basis of the Commission's discussions. As to issues that remained outstanding from the previous session, the Commission was invited to consider whether some of the changes it had introduced with regard to the headquarters methodology were equally applicable to the non-headquarters methodology. Those changes related to the transparency and confidentiality of the process, the economic sector representation and the written confidentiality pledge.

329. The Commission was also seized of a last-minute request from the staff representatives, who proposed a number of further changes to the methodology.

Views of the organizations

330. The representative of the Human Resources Network noted that the non-headquarters methodology had been applied to more than 160 duty stations in a varied range of economic settings and had worked well, but periodic fine-tuning was necessary in order to align it with the evolution of outside labour markets and technological advances.

331. Regarding the increase in the numbers of surveyed employers, she recalled that while some organizations had agreed on that change others had expressed concern over it, especially in the light of workload implications. The Human Resources Network had not had the opportunity to review the proposals presented by the staff representatives. However, organizations had received copies of correspondence from field duty stations expressing concern about the revised methodology. They would therefore be ready to discuss the staff proposals if the Commission agreed to do so. With regard to the staff proposal to redefine the functions of the New York Steering Committee, organizations were firmly of the view that that Committee represented a management body designed to assist the Secretary-General in promulgating the salary scales. Since the survey methodology provided full possibilities for staff-management consultations at the level of LSSC, the organizations saw no reason to change the status of the Committee, which was a management committee.

332. The Human Resources Network was of the view that efforts must be made to ensure that all parties had confidence in the new methodology, in particular in the detailed implementation arrangements that would be included in the manual. The representative of the Network stressed that the importance of social dialogue in the data-collection process should not be ignored. Organizations supported the involvement of the local salary survey committees in reaching decisions, in particular in respect of data-collection modalities, when remote surveys were conducted.

333. With respect to the categorization of duty stations, organizations felt that, as in other areas, the procedures should be specified more clearly in the manual. They also hoped that the staff representatives could be reassured that changes, such as those in respect of the inclusion of the public sector, were unlikely to have the negative impact that was feared.

334. Organizations were of the view that any proposal that would lead to greater transparency and clarity in the methodology was to the advantage of all parties. Organizations sought to ensure that the methodology reflected the most effective implementation of the Flemming principle.

335. The representative of the International Maritime Organization (IMO) reconfirmed the IMO commitment to the Flemming principle and the tripartite nature of the survey process. While not aware of the technical foundation for the proposed revision, he wished to place on record his concern that those principles should not be compromised.

336. The representative of UNDP stressed that data analysis had been a clear process in that all survey data had always been provided to LSSCs and a full database printout had been left with them before survey specialists left the location. Over the years, a variety of computer programs had been used in the process, and they were regularly updated. The current one was provided to all local committees — with a small operational manual — to facilitate interim adjustments. Although the interim adjustment programme excluded all employers that had not been retained during the comprehensive survey, the programme had full operational functionality.

Views of the staff representatives

337. The representatives of FICSA and CCISUA informed the Commission of thousands of petitions received from staff worldwide who were concerned that the changes to the methodology, if implemented as suggested, could further diminish the relevance of the Flemming principle and deprive the LSSCs of their primary responsibility, i.e., that of ensuring the meaningful participation of the parties. The representatives of the staff then proceeded to present those petitions to the Chairman.

338. The representative of FICSA, speaking also on behalf of CCISUA and with the support of the ILO Staff Union, thanked the secretariat for having circulated the proposed text of the methodology sufficiently in advance to permit analysis of the amendments. The changes proposed, which, in the staff representatives' view, had been prompted by political rather than technical considerations, would have a pronounced negative effect on the levels of field pay. The staff were therefore making a number of alternative proposals that would help address some of the concerns that the current revision had raised among them.

339. The staff proposals were aimed at reconciling the operational requirements of the field surveys with the necessity of securing the required degree of transparency and access to information by all parties concerned. This opportunity should be taken in order to avoid a period of conflict that could eventually result in a series of actions, not excluding legal appeals. The staff would try to avoid such a situation as far as possible.

340. The staff representatives believed that the responsibilities of various parties in the survey process should be more clearly defined to ensure fairness and equity. In particular, the monitoring role of ICSC and its secretariat needed to be enhanced. At the same time, the LSSC role was of vital importance in ensuring that staff-management and inter-agency consultations were held and that the particularities of local labour markets were fully taken into account. Observer status for CEB, FICSA

and CCISUA representatives in the Headquarters Steering Committee would also increase communication and understanding.

341. For field locations, the distribution of responsibilities and accountability was confusing, and would become even more confusing if the text of the methodology were to be adopted as proposed, especially as there were many parties involved in the non-headquarters survey process and the role of each required further clarification.

342. Particular concern was expressed over the role of the Global Consulting Service, its relationship with UNDP and its centre located in Manila, which was already elaborating salary data from remote locations, such as Montevideo. In addition, FICSA and CCISUA requested that the full version of the computer programs used for elaboration of the survey data (known as B.6 and B.5) be provided to the LSSCs to allow analysis of the data and for training purposes. They also asked for clarification about the intellectual property of the programs and potential copyright issues, if any. In this connection, they also requested that the programs be merged into one program for use by all duty stations following approval by the Commission or its Chairman.

343. Concerning the survey manual developed by the organizations, FICSA and CCISUA expressed the view that it should be approved by the Commission or its Chairman, following consultation with staff representatives bodies.

344. With regard to categorization and public sector weight in surveys, on the basis of data provided by CEB, the United Nations and UNDP, FICSA and CCISUA indicated that 44 per cent of field staff served at duty stations that would experience an increase in the number of comparators, 35 per cent were at duty stations that would not change categories, and 21 per cent were at duty stations that would experience a decrease in the number of comparators surveyed. FICSA and CCISUA estimated that the changes proposed would yield harmful survey results for a large number of field staff. In particular, they provided data showing that more than 80 per cent of General Service staff in Latin America and more than 60 per cent in the Far East would be negatively affected; in North America and Europe 100 per cent and 55 per cent would be affected, respectively. Therefore, in the absence of preliminary information on the actual impact of such measures on a country-by-country basis, their impact should be measured at the time of the next comprehensive survey and, on the basis of the results, flexibility should be exercised in applying the new categorization. The possibility for Organizations and LSSCs to request modifications to the categorization should be more clearly spelled out in the methodology.

345. With regard to the criteria for selection of employers, FICSA and CCISUA requested that LSSCs be consulted by the headquarters of the designated agency before the inclusion of employers selected on a global basis in the survey sample.

346. Concerning the use of alternative data-collection techniques, FICSA and CCISUA requested that the wording used in the first three sentences of paragraph 39 of the recently approved headquarters methodology be introduced in the non-headquarters methodology. The LSSC should be consulted before the designated agency takes a decision on the use of modalities other than on-site interviews. Such modalities should be strictly applied only when necessary to ensure the participation of comparators offering best prevailing local conditions of employment.

347. FICSA and CCISUA also put forward a proposal for administering surveys in small, isolated locations, ensuring consultations with local administrations and staff.

348. Finally, FICSA and CCISUA stated that they did not consider it appropriate to introduce a confidentiality pledge for the participants in the non-headquarters surveys, considering that this issue had not been introduced and discussed at the Geneva meetings of the Working Group or at the previous ICSC session, and bearing in mind the particular characteristics of the non-headquarters process.

Discussion by the Commission

349. The Commission was presented with 2,200 petitions received by FICSA and CCISUA from staff at various locations with respect to the changes in the two survey methodologies. While recognizing and respecting the right of staff to present petitions, the view was expressed that the approach taken by the staff representatives in submitting the petitions to the Chairman, namely, during a formal meeting of the Commission, was not appropriate in that it could be interpreted as exertion of pressure on members. It was also felt that to a large extent those petitions were driven by emotion and by a misconception that the revision of the methodology was expressly directed against the interests of staff. Nor could members agree with the assessment of FICSA that the review process was driven by political rather than technical considerations. It was stressed that the changes being introduced were based on solid technical grounds and reflected a more accurate evaluation of local markets, on the basis of survey experiences. It was not possible to reasonably predict the overall results that the proposed changes of the methodology would produce. It was pointed out that the common system organizations remained highly competitive employers at field locations: they did not experience any recruitment problems or high rates of staff turnover. Since the changes proposed were not of a radical nature and represented a fine-tuning rather than a revamping of the methodology, that situation was likely to continue in the future.

350. The Commission recalled that at its previous session it had conducted an in-depth review of the non-headquarters methodology and, on the basis of that review, had agreed on a number of changes and revisions to the existing methodology. It also recalled that a conference room paper had been distributed at that session, which incorporated proposed modifications in the text of the methodology. Although it had not considered that paper paragraph by paragraph, the Commission had discussed at length, and decided upon, proposals from all parties that would result in revisions to the existing text of the methodology. There was therefore a clear understanding among members at the conclusion of the fifty-sixth session that the substantive review of the methodology had been completed.

351. Members agreed that most of the changes suggested by FICSA and CCISUA went far beyond being mere changes in language or statements of fact. They represented new ideas or concepts not previously discussed or agreed to. Those changes related, inter alia, to the status of the survey manual, the functions of the Headquarters Steering Committee, the proposed flexible application of the minimum representation of public sector employers in the employer sample and a phased approach to the upward recategorization of duty stations.

352. While not favouring in principle revisiting substantive issues, some members stressed that if such issues were to be reopened that would also mean that additional time would need to be allocated to study new ideas and proposals. That additional

time was not available, given the Commission's heavy agenda and the earlier request by the organizations to promulgate the revised methodology as from 1 January 2004. In addition, the review of the methodology had been ongoing for almost five months, and all parties had had ample time and opportunity to present their views on all issues of concern. Nevertheless, the Commission, in the spirit of accommodation, decided to consider the elements of the staff proposals in an effort to take the fullest possible account of the positions presented.

353. With regard to the staff representatives' request for a single computer program, the Commission noted that the survey computer software was constantly being upgraded to better respond to the operational needs of the exercise as well as those of the surveyed employers. It was therefore neither practical nor reasonable to have it formally reapproved every two or three months and to impose new versions of the software on all organizations conducting the surveys. On the other hand, the use of different versions of the program did not mean that they produced different results, since the principal parameters of the calculations remained the same. Irrespective of the software version used, it was critical that LSSCs were provided with complete survey data and understood the calculation process in order to be able to verify data independently. The Commission took note of the UNDP statement that the LSSCs were provided with all survey data and full database printouts. In addition, they were also provided with a version of the computer program with an operational manual for conducting interim surveys. Although those versions excluded employers not retained in the final analysis during comprehensive surveys, the program had full operational functionality.

Decision of the Commission

354. The Commission agreed with the proposal of the secretariat that changes relating to the confidentiality and transparency of the exercise that it had approved for the headquarters methodology, including a written confidentiality pledge, would be equally applicable to the non-headquarters methodology, since the survey processes under the two methodologies, were broadly the same.

355. The Commission decided to approve, with effect from 1 January 2004, the revised methodology for conducting surveys of the best prevailing conditions of employment at non-headquarters duty stations as presented by the secretariat, subject to a number of modifications proposed by the staff representatives. Those modifications related, inter alia, to further clarifying the survey process and the responsibilities of the survey participants, including the role of the Headquarters Steering Committee and the LSSC, and to the reflection of some factual changes that had taken place since the last methodology review.

Chapter VI

Implementation by organizations of the decisions and recommendations of the International Civil Service Commission

356. Under article 17 of its statute, the Commission submits to the General Assembly an annual report, which includes information on the implementation by the organizations of the common system of the Commission's decisions and recommendations. The Commission decided in 1992 to submit a comprehensive implementation report to the Assembly every two years, in keeping with the biennialization of the work programme of the Fifth Committee. The Commission did not report in 2002 because of competing demands on its agenda, emanating from the review of the pay and benefits system. The Commission therefore had before it information relating to decisions and/or recommendations taken between 2000 and 2002: matters regarding which implementation was pending in some organizations or for which further follow-up had been requested and issues falling under article 14 of its statute and identified for regular update by the Commission in 1997.

Views of the organizations

357. The Human Resources Network took note of the information presented to the Commission. The representative of the Human Resources Network provided revised data on behalf of one organization.

Views of the staff representatives

358. The representatives of CCISUA and FICSA took note of the findings and thanked the secretariat for the information provided. The representative of FICSA observed that some organizations had not participated in the present exercise.

Discussion by the Commission

359. The Commission noted that there had been an increase in the response from the organizations, compared to that of the previous exercise. This had enabled the Commission to draw more meaningful conclusions with regard to the implementation rate of its recommendations and decisions.

360. The Commission recalled that in 1996 it had recommended to the General Assembly that the non-removal element of the mobility and hardship matrix be limited for a period of five years at one duty station, to be extended up to seven years on an exceptional basis. However, it noted that many organizations had automatically implemented the seven-year provision. Some members of the Commission were of the view that such a practice was not consistent with a cohesive approach to the implementation of that element of the mobility and hardship allowance.

361. The Commission noted that a number of other recommendations, such as on standards of travel, made in 1997 and 1998, and the updated standards of conduct recommended to the General Assembly and legislative organs of other participating organizations, had not been implemented by a number of organizations.

362. Under article 12 of its statute, the Commission had conducted salary surveys at the seven headquarters duty stations of the common system and had recommended

salary scales to the executive heads of the organizations concerned. Some members considered that UNESCO had not appropriately implemented the recommended salary scale for the General Service and other locally recruited categories.

Decisions of the Commission

363. The Commission took note of the information presented by its secretariat for the 2003 implementation exercise. The Commission decided: (a) to request its Chairman to urge those organizations that had not participated in the present exercise to fulfil their statutory obligation in the future and to invite them to note that their involvement in any collection of information affected the work of the Commission; and (b) to request its secretariat to present a statistical report on gender balance at all levels, including the ungraded officials of organizations, in the United Nations common system in 2004.

Notes

[1] ILO, FAO, UNESCO, ICAO, WHO, UPU, ITU, WMO, IMO, WIPO, IAEA and UNIDO.

[2] IFAD.

[3] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 30* (A/57/30).

Annex I

Programme of work of the International Civil Service Commission for 2004-2005

1. Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system.
2. Framework for human resources management:
   (a) Review of the pay and benefits system:
      (i) Modernizing and simplifying allowances:
         • Overview of common system allowances
         • Mobility/hardship allowance
         • Education grant
      (ii) Development of modalities for strategic bonuses;
      (iii) Implementation of the pilot study of broadbanding/reward for contribution;
      (iv) Progress report on the implementation of the new Master Standard for the job evaluation system relating to the Professional and higher categories;
   (b) Contractual arrangements.
3. Conditions of service of the Professional and higher categories:
   (a) Base/floor salary scale;
   (b) Evolution of the United Nations/United States net remuneration margin;
   (c) Report of the twenty-sixth session of the Advisory Committee on Post Adjustment Questions;
   (d) Review of the level of allowances for children and secondary dependants;
   (e) United Nations/United States grade equivalency study.
4. Conditions of service of the General Service and other locally recruited staff:
   (a) Survey of the best prevailing conditions of employment at:
      (i) Madrid;
      (ii) Paris;
      (iii) Montreal;
   (b) Considerations related to reviewing the job classification standards for the General Service and related categories.
5. Conditions of service applicable to both categories of staff:
   (a) Review of the level of the education grant;
   (b) Common scale of staff assessment;

(c) Paternity leave.

6. Implementation by organizations of decisions and recommendations of the International Civil Service Commission.

7. Statistical review of gender balance in the organizations.

8. Review of pensionable remuneration.

9. Review of the Noblemaire principle, including total compensation comparisons.

Annex II

Comparison of average net remuneration of United Nations officials in the Professional and higher categories in New York and United States officials in Washington, D.C., by equivalent grades (margin for calendar year 2003)

Grade	Net remuneration (United States dollars)		United Nations/United States ratio (United States, Washington, D.C. = 100)	United Nations/United States ratio adjusted for cost-of-living differential	Weights for calculation of overall ratio[b]
	United Nations[a]	United States			
P-1	58 340	42 277	138.0	119.9	0.2
P-2	72 563	54 790	132.4	115.1	5.3
P-3	88 473	66 865	132.3	115.0	20.9
P-4	106 097	83 135	127.6	110.9	32.1
P-5	124 227	97 566	127.3	110.6	27.5
D-1	143 836	112 644	127.7	110.9	10.4
D-2	150 643	116 698	129.1	112.2	3.7
Weighted average ratio before adjustment for New York/Washington, D.C., cost-of-living differential					128.9
New York/Washington, D.C., cost-of-living ratio					115.1
Weighted average ratio, adjusted for cost-of-living difference					111.9

[a] For the calculation of the average United Nations salaries, personnel statistics of the United Nations System Chief Executives Board for Coordination as at 31 December 2000 were used.

[b] These weights correspond to the United Nations common system staff in grades P-1 to D-2 serving at Headquarters and established offices as at 31 December 2000.

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Annex III

Salary scale for staff in the Professional and higher categories showing annual gross salaries and net equivalents after application of staff assessment*

(United States dollars)

Effective 1 January 2003

Level		*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*
USG	Gross	186 144														
	Net D	125 609														
	Net S	113 041														
ASG	Gross	169 386														
	Net D	115 207														
	Net S	104 324														
D-2	Gross	139 050	142 085	145 119	148 154	151 189	154 223									
	Net D	96 411	98 292	100 174	102 055	103 937	105 818									
	Net S	88 571	90 159	91 741	93 318	94 890	96 456									
D-1	Gross	126 713	129 377	132 041	134 705	137 369	140 033	142 697	145 361	148 024						
	Net D	88 762	90 414	92 065	93 717	95 369	97 020	98 672	100 324	101 975						
	Net S	82 045	83 481	84 913	86 342	87 768	89 190	90 609	92 025	93 437						
P-5	Gross	104 102	106 369	108 635	110 901	113 168	115 434	117 701	119 967	122 234	124 500	126 766	129 033	131 299		
	Net D	74 743	76 149	77 554	78 959	80 364	81 769	83 174	84 580	85 985	87 390	88 795	90 200	91 606		
	Net S	69 437	70 685	71 930	73 174	74 416	75 655	76 892	78 127	79 360	80 591	81 820	83 046	84 271		
P-4	Gross	84 435	86 489	88 544	90 637	92 824	95 011	97 198	99 385	101 572	103 759	105 946	108 133	110 320	112 507	114 694
	Net D	62 327	63 683	65 039	66 395	67 751	69 107	70 463	71 819	73 175	74 530	75 886	77 242	78 598	79 954	81 310
	Net S	58 041	59 276	60 509	61 740	62 971	64 200	65 429	66 656	67 881	69 106	70 329	71 551	72 772	73 992	75 211
P-3	Gross	68 306	70 208	72 112	74 011	75 915	77 815	79 715	81 620	83 523	85 423	87 326	89 226	91 202	93 226	95 250
	Net D	51 682	52 937	54 194	55 447	56 704	57 958	59 212	60 469	61 725	62 979	64 235	65 489	66 745	68 000	69 255
	Net S	48 242	49 396	50 553	51 706	52 862	54 015	55 169	56 324	57 477	58 632	59 782	60 933	62 083	63 233	64 384
P-2	Gross	55 346	56 907	58 465	60 027	61 729	63 429	65 130	66 829	68 532	70 233	71 932	73 636			
	Net D	42 849	43 973	45 095	46 218	47 341	48 463	49 586	50 707	51 831	52 954	54 075	55 200			
	Net S	40 191	41 210	42 226	43 244	44 260	45 279	46 313	47 344	48 379	49 412	50 444	51 479			
P-1	Gross	42 944	44 444	45 942	47 442	48 939	50 438	51 938	53 436	54 932	56 432					
	Net D	33 920	35 000	36 078	37 158	38 236	39 315	40 395	41 474	42 551	43 631					
	Net S	31 997	32 992	33 988	34 980	35 974	36 967	37 962	38 944	39 921	40 899					

Note:

D = Rate applicable to staff members with a dependent spouse or child.

S = Rate applicable to staff members with no dependent spouse or child.

* This scale was implemented pursuant to General Assembly resolution 57/285 of 20 December 2002.

A/58.30